

EUROPEAN NEWS

Prime Minister Nikolai Tikhonov is due in Athens next week, writes Victor Walker

Greece and Soviet Union edge closer together

THE SOVIET Prime Minister, Mr Nikolai Tikhonov, arrives in Athens next week on an official visit designed to lay the foundations for closer economic co-operation with Greece's first ever Socialist Government.

A communique issued simultaneously in Moscow and Athens, said Mr Tikhonov, would pay a four-day visit "in the second half of February." Officials here say he will arrive on Monday.

He will be returning a visit to Moscow in October 1979 by Mr Constantine Karamanlis, the Greek Prime Minister and now President. That trip was made possible by the thaw in Greek-Soviet relations following the 1974 restoration of democracy in Greece, when the formerly outlawed Communist party was legalised. Since then, Mr Karamanlis has sponsored an "opening" to Greece's Communist Balkan neighbours.

While the Communist party had been outlawed even before the Second World War, relations between Athens and Moscow became particularly frosty after the war. Attempts by Communist guerrillas to seize power by force of arms were finally defeated in 1949, after three years of hard fighting. The remnants of the guerrilla bands fled into sanctuary across the northern borders.

Moves by the late Prime Minister, Mr George Papan-

dreou, to restore relations with Moscow during his last administration in 1964 and early 1965, were thrown into reverse following the 1967 military coup.

Called back to power when the junta fell in 1974, Mr Karamanlis carried out a successful thaw which Mr Tikhonov will now be hoping to turn into a rather warmer relationship. Mr Karamanlis had already permitted many of the former guerrillas or members of their families to return to Greece and Mr Andreas Papandreu, the present Prime Minister, removed remaining barriers late last year.

The visit will coincide with a peace—some reports speak of deadlocks—in the four-month-old negotiations on the future of U.S. military bases in this country. However, Mr Papandreu is not expected to try to use the visit as a lever to obtain a better deal from Washington.

Soviet delegations have been in Athens to work out the contents of one or more co-operation agreements to be signed by the two prime ministers. Discussion ranged over possible supplies of natural gas to Greece through an extension of the Bulgarian pipeline, and of electricity through Yugoslavia, as well as Soviet participation in the construction of hydroelectric and thermoelectric power stations.

An economic co-operation agreement was signed but never implemented during Mr Karamanlis's visit to Moscow in 1979, embracing electricity, natural gas and crude oil supplies and joint creation of an alumina unit in Greece.

In the trade sector, Greek-Soviet exchanges have been adversely affected by the phasing out of clearing agreements following Greece's accession to the European Community. Agriculture exports to the Soviet Union, particularly of citrus fruit, have been hurt by Soviet reluctance to purchase

for hard currency.

Some form of political co-operation agreement may also be signed while Mr Tikhonov is in Athens, covering a range of issues from world detente and arms reduction to the mutual establishment of consulates in a number of cities.

Such an agreement would be facilitated by some of Mr Papandreu's actions since becoming Prime Minister. He dissociated Greece from sanctions against the Soviet Union over Poland, adopted a hostile stand towards the installation of new-generation missiles in Europe, and

lauded the "bold initiative" of the Warsaw Pact in proposing a non-aggression treaty with Nato. He has also pursued his goal of a nuclear-free zone in the Balkans.

Greek Communists and some members of his own party are dissatisfied, nevertheless, by his failure to take any steps towards removing Greece from the Western alliance and the EEC.

Two subjects certain to be raised—the Greek-Turkish disputes over Aegean issues and the Cyprus question.

The Soviet Union in the past has voiced concern about Mr Papandreu's insistence that Greece has the right to extend its territorial waters to 12 miles. The Turks have consistently warned that this would be regarded as a casus belli.

Kremlin interest focuses on the effect a 12-mile limit would have on the right of free passage through the Aegean for Soviet naval units sailing between the Black Sea and the Mediterranean. Soviet fleet anchorages in the Aegean could also be affected.

Mr Andrei Gromyko, the Soviet Foreign Minister, caused a brief flurry in Athens last January when, at a meeting in Moscow with Mr Ilter Turkmen, his Turkish counterpart, he seemed to endorse the Ankara position that Greek-Turkish negotiations on Aegean issues

should be held on the basis of "equity," a word implying an equal share-out.

The Greeks oppose this concept, on the grounds that it would deprive them of rights deriving from the legal status of the Aegean as settled by international conventions. In the end, it was Athens and not Moscow that issued a "clarification" that the Soviet Union and Turkey had different understandings of what "equity" meant.

On Cyprus, the Greeks want the removal of Turkish occupation troops from the north of the island before negotiations. Moscow, unwilling to give offence to Ankara, supports the withdrawal of all foreign military forces from the whole island—a move which would bring into question Britain's two bases on Cyprus.

The question is whether the main beneficiary of Mr Tikhonov's visit might not turn out to be the Greek Communist Party. Following its good showing in last year's local government elections, the Moscow-aligned party is hoping to be in a position to demand participation in government after the next general election, due in 1985.

Any positive results from Mr Tikhonov's visit will give the Communists at least some extra respectability and influence. *Reuter*

Protests at U.S. bases

ATHENS—More than 1,600 Greeks working at U.S. bases in Greece went on a two-day strike yesterday in protest against President Ronald Reagan's proposals to increase Washington's military aid to Turkey.

The Greek Government claims that the increases will upset the balance of power in the Aegean. In recent years U.S. military aid to Greece and Turkey has kept a 7-to-10 ratio, which Athens regards as vital to the country's security.

The Reagan Administration has just asked Congress to

provide \$755m military aid to Turkey in the year ending September 1984, together with \$175m economic aid. The Greeks say that \$200m in military aid has been allocated to them, though they have been told that this sum could be increased if agreement is reached on the bases.

In the current U.S. fiscal year Turkey is receiving \$400m military aid and \$300m economic aid from Washington, compared with total aid (all military) of \$280m for Greece. *Agencies*

Greens lay down conditions for supporting SPD

BY JAMES BUCHAN IN BONN

WEST GERMANY'S Greens grouping of pacifists and ecologists yesterday set down their conditions for supporting the Social Democrat (SPD) minority government, should this be on the cards after a general election on March 6.

Herr Otto Schily, a West Berlin lawyer who is one of the Greens' leading candidates, said yesterday that a Green parliamentary party would not vote in a Chancellor "who wants to continue missile rearmament and present policy over nuclear energy."

Herr Hans Jochen Vogel, the SPD candidate wanted to be Chancellor with the help of Green votes in the Bundestag, he would have to provide "crystal clear statements on two key questions: 'nuclear disarmament' and 'renunciation' of Pershing 2 and cruise missiles on West German soil as envisaged by Nato from the end of this year should U.S. Soviet disarmament talks fail, and an immediate rejection of atomic energy."

Agreement here, Herr Schily said, would provide favourable conditions for agreement on a long list of Green demands set forth yesterday as a "six-month" programme for their parliamentary activity. These ranging from measures against acid rain to halting cable television.

The SPD, which the Greens bitterly attacked yesterday for stealing their disarmament and environmental ideas, has resolved to put off a final decision on the missiles until this autumn

when the outcome of the U.S.-Soviet negotiations looks clearer. Herr Vogel said yesterday that he would "in no way accept conditions" from the Greens but added, in an interview, that it would be senseless to reject a chancellorship voted by a majority of deputies "because there were some Greens among them."

Herr Vogel, who appears to

WEST GERMAN ELECTIONS



6th March

be making major efforts in the election campaign to win votes from the Greens, saw no grounds for a coalition with them but "it could be that the Greens will learn the parliamentary ropes and one day become capable of making politics."

Herr Helmut Geiseler, the party general secretary, yesterday laid before the public a pot pourri of 30 indicators that the economy would return to real growth in the course of the year.

Heavy cuts planned in Dutch education

BY WALTER ELLIS IN AMSTERDAM

MORE THAN 8,000 Dutch teachers face dismissal if Mr Wim Deetman, the Education Minister, goes ahead with plans to cut £1,225m (£55m) from his 1983 departmental budget.

Mr Deetman says in his revised budget, published this week that besides 8,300 job losses, classes in the schools will become larger and there will be less work for the many part-time teachers—most of them women—on whom the present system in part depends.

Teachers' trade unions said in a joint statement that the proposed changes represented "a catastrophe for education." They called on the Government at least to consider cutting the schools' workforces through natural wastage. MPs of the main governing party, the Christian Democrats, joined with the Labour and Democrats 66 parties to urge a postponement of Mr Deetman's planned education debate to allow for the study of possible alternatives.

Teachers in the Netherlands have felt themselves a prime target for government cost-cutting exercises for several years. The post-war baby-boom, now causing serious problems in the Dutch labour market, has

already worked itself through the schools system and young graduates are finding it difficult to secure jobs as teachers.

As civil servants, teachers have already had their salaries frozen this year at 1982 levels, and there are plans to reduce their number as part of the general policy of cutting down the size of public sector employment.

The latest threat, however, is easily the most serious to the profession. Mr Deetman, in talking of larger classes, clearly means to cut back beyond the level justified by the reduced number of pupils alone. The teachers' unions will be opposed not only to the job losses but to the drop in standards which could result from an increase in the teacher-pupil ratio.

The Dutch Government has slashed most departmental budgets in its effort to hold down the state of the public sector. In 1982, according to the 1982 budget, the deficit will be at least 11.9 per cent of national income and could end up considerably higher if the economic recession continues to deepen. By 1986, according to the 1982 government accord, the deficit should have fallen to only 7.4 per cent.

Netherlands likely to fall short of aid target

BY OUR AMSTERDAM CORRESPONDENT

DUTCH MPs of all parties are concerned that the Netherlands may be about to lose its coveted title—shared with Sweden—as the West's most generous donor of aid to the Third World.

Under a new definition of the country's wealth, the Dutch this year are set to give less than their standard 1.5 per cent of net national income in development aid. An additional £1,250m (£68.3m) would be required, on top of the £11.25bn (£509m) already earmarked, if the 1.5 per cent target was to be met.

The centre-right Government of Mr Ruud Lubbers feels, however, that such an increase cannot be justified in the present climate of economic austerity.

The Christian Democrat and Liberal parties, which make up the Government, have called on the Cabinet to raise the aid budget by a compromise £1,150m (£52.5m). They have also urged an annual increase of at least £1,100m (£52.4m) from 1985 to 1987 so that the budget can once again meet its 1.5 per cent target.

Under the terms of the 1982 government accord between the Christian Democrats and Liberals, a multi-year development aid programme is to be prepared this year to use up unused funds from previous aid budgets. This, however, while it may enable 1983 actual spending to increase, would not affect current costings.

Soviet productivity and output up in January

BY DAVID BUCHAN

TWO KEY indicators of Soviet economic performance showed a marked improvement last month, according to official statistics published this week which showed increases in industrial output and productivity of 6.3 per cent and 5.5 per cent respectively above levels in January, 1981.

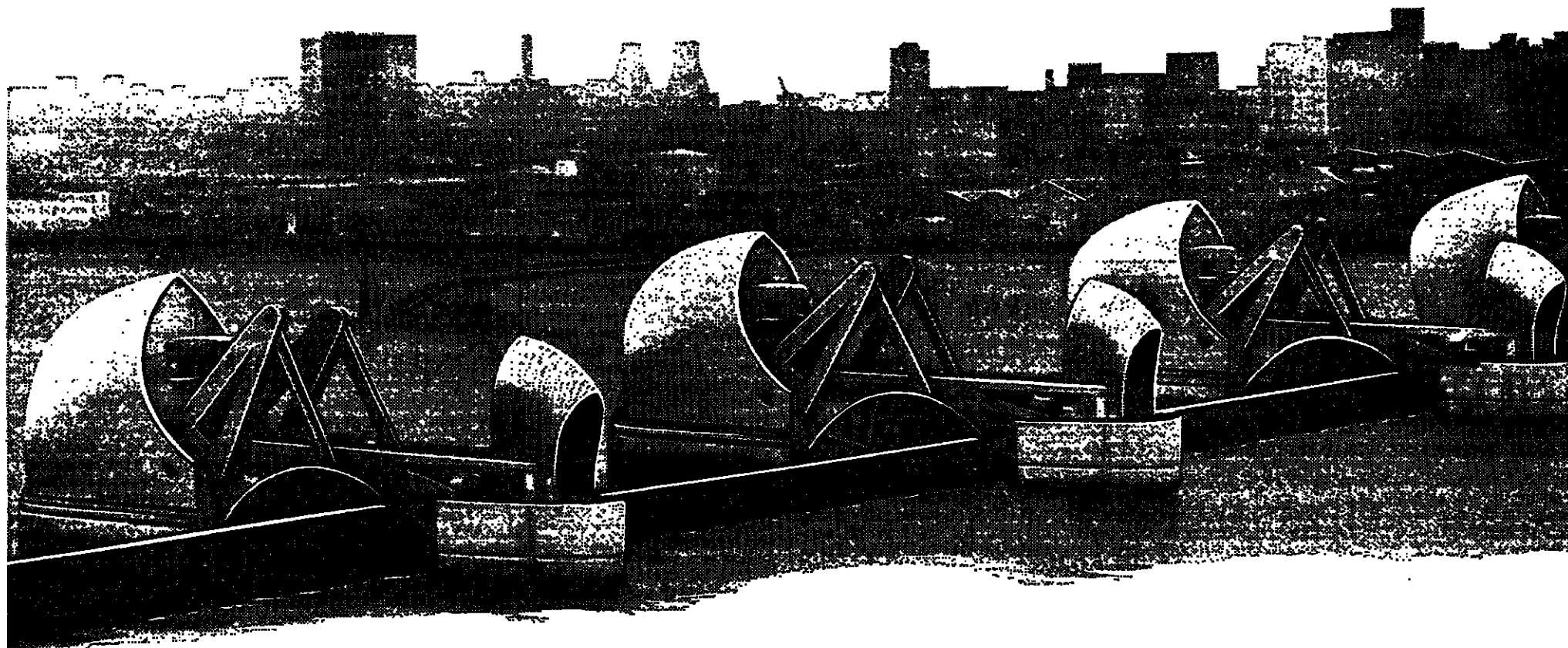
Although only one month's figures, they suggest that the efficiency and anti-corruption campaign of Mr Yuri Andropov, the Soviet leader, which was echoed loudly in the Soviet Press, may be yielding results already. Industrial output rose only 2.8 per cent last year above the 1981 level, while productivity stagnated.

Claiming that the plan for last month had been fulfilled by

101 per cent, the Central Statistics Board said steel production rose to 13m tonnes from 12.4m tonnes in the same period a year earlier, oil production increased to 52.7m tonnes from 51.3m tonnes, and gas extraction—a boom sector—rose to 46.2bn cubic metres.

Mr Andropov has maintained the strong emphasis laid on agriculture by the late President Leonid Brezhnev. Last month's statistics showed an increase in farm-related machinery such as tractors and combine harvesters, but shortcomings in other kinds of agricultural machinery.

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EUROPEAN NEWS

French union will not call strike over Citroen sackings

BY DAVID HOUSEGO IN PARIS

THE FRENCH Communist-led CGT union decided yesterday against calling for strike action after the management of Citroen sacked four of its representatives at the Aulnay plant outside Paris.

The largely immigrant workforce which mans the production line reported for work normally yesterday morning. But it is far from clear that further disruption can be avoided.

The Citroen decision effectively removes the main CGT leaders at the Aulnay plant, which has been the scene of intermittent violence since last year. Also sacked were eight other CGT members accused of taking part in the incident on February 2 that resulted in some 25 people being injured.

In making such a low-key response to what the CGT would normally have regarded as an intolerable decision by the Citroen management, the union is clearly being influenced by the Communist party's desire to avoid a serious industrial conflict on the eve of the municipal elections.

The CGT was looking yesterday for a face-saving compromise with Citroen in the shape of an agreement to negotiate over its members' future and over violence at the car plant.

Outside the factory gates, M Akka Ghazal, the most popular of the CGT leaders who was sacked, appealed for calm and

told several hundred immigrant workers that Citroen must be given a chance to negotiate. But he added: "I give you my word that there will be no sackings. In more strident tones, local leaders of the rival pro-Socialist CFDT union denounced the sackings as "arbitrary" and called for their cancellation.

As in the case of other recent serious disputes in the motor industry in the Paris area, the union leadership does not have complete control over the workforce. The four CGT representatives who were sacked were all Moroccan.

The Socialist Party took the unusual step of intervening itself in the dispute with a communiqué that censured both management and the CGT. But it left no doubt that it felt the management's decision for tough disciplinary measures risked enflaming the situation.

The sacking of union representatives is subject to judicial procedures involving the works council and the Ministry of Labour.

● French unemployment fell for the fourth consecutive month in January. On uncorrected figures it dropped by 0.1 per cent to 2.13m. This is only 4.7 per cent above January 1982. The Government is making the stabilisation of the unemployment figures one of its major themes in the municipal election campaign.

Yugoslavs could adopt tougher economic line

BY ALEKSANDAR LEBL IN BELGRADE

FURTHER CREDIT and consumption curbs and faster depreciation of the dinar may be needed if Yugoslavia's disappointing export performance so far this year does not improve in the next couple of months, the country's top Communist Party official warned yesterday.

Mr Mita Ribicic, president of the ruling League of Communists, told a news conference in Belgrade that formal re-scheduling of Yugoslavia's foreign debts could not be ruled out in the future. But for the present, the govern-

ment was banking on the provision of new loans by Western governments and central banks.

The Yugoslav party leader announced that Mr Nikolai Tikhonov, the Soviet prime minister, will visit Belgrade in early March. He will be pressed for improvement in a Soviet economic cooperation with Yugoslavia.

Yugoslavia is running a trade surplus with Comecon of the equivalent of nearly \$1bn a year, and it now plans to reduce this surplus by importing more Soviet raw materials for hard-pressed Yugoslav industry.



M Cheysson ... talks with Mr Gromyko

Cheysson adopts firm N-stance

MOSCOW—McGlaude Cheysson, French External Relations Minister, told the Soviet Union yesterday that France would not agree to its nuclear forces being counted in arms control negotiations between Moscow and Washington.

Speaking at a lunch given by Mr Andrei Gromyko, his Soviet counterpart, he also reminded his host of the rights and aspirations of the Afghan and Polish peoples.

He said France supported Soviet-U.S. negotiations in Geneva on limiting medium-range nuclear arsenals. But it could not accept that its security be imperilled or become dependent on others, even if they were allies.

M Cheysson made what appeared to be an oblique reference to a Warsaw Pact offer in January of a non-aggression treaty with Nato, saying that the ideas of non-aggression and non-use of force were often mentioned.

This was a good thing in itself but "the validity of obligations which have already been undertaken should not thus be diminished, at the risk of casting doubt on such declarations," he said.

Where such principles had been violated in Europe, or in Asia, said M Cheysson, there should be a solution which protected the legitimate interests and security of all parties involved, and the respect of the peoples concerned to independence and self-determination.

M Cheysson and Mr Gromyko yesterday also signed a new 10-year agreement on scientific and technical co-operation Agencies.

Consumer call for EEC farm freeze

BY LARRY KLINGER IN BRUSSELS

THE EUROPEAN Community's consumer organisations yesterday renewed their call for a freeze in EEC guaranteed farm prices. They urged the Community to explore a wider system of regional and social aids for economically depressed farmers in preference to the traditional across-the-board price rises.

This, they say, would cost the EEC less, while benefiting the consumer. It would protect farmers' incomes while at the same time controlling the growth in surplus production. "It's lunacy to keep putting consumer to pay for exports of overproduction," Mr Tony Venables, director of the Brussels-

based European Bureau of Consumers' Unions (BEUC), said yesterday.

Speaking at a news conference, Mr Venables said that the European Commission's recommended 5.5 per cent "norm" for 1983-84 price rises was far too high.

Given the already existing scope for devaluations in the EEC's agri-monetary system, this could easily rise to meet the 7 per cent demand from the Community's farm organisations. "The only way the Commission can prevent this further increase is to revise its proposals downwards," the consumers say.

The BEUC welcomes "as a step in the right direction" the Commission's proposals to impose penalties on such surplus products as milk and cereals by awarding lower price rises in relation to past overproduction. This would reduce the 5.5 per cent norm to an average price increase of 4.4 per cent for the coming year, according to the Commission.

However, said the BEUC, the fact that price penalties were being advocated at the same time as price increases were still being proposed illustrated the dilemma of pursuing contradictory objectives through the single instrument of EEC farm prices.

The result was that prices were set too high to balance supply and demand to the detriment of the consumer, while small farms not responsible for the surpluses were penalised along with the big, efficient producers, the BEUC said.

What was needed was a long-term price freeze to balance supply and demand, with the possibility, where necessary, of direct finance from the EEC budget to help farmers. Instead of continued higher food prices and the related cost to the taxpayers of subsidising greater exports of surpluses, subsidies would diminish over time, as farmers retired.

Soviet plan to break deadlock on troop cuts

VIENNA—The Soviet Union

yesterday introduced a three-point proposal for breaking the deadlock at the 10-year-old talks here on reducing Nato and Warsaw Pact troops in Europe.

The proposal called for troop reductions by the United States and the Soviet Union "on the basis of mutual example," equalising troop strength at 900,000 on each side and a mutual freeze of all involved forces at that level.

Mr Valerian V. Mikhailov, Soviet Ambassador, presented the ideas at a plenary session of the talks, and a statement from the Soviet embassy called the proposal "a fundamentally new and inherently simple approach toward achieving an accord."

"The Western side will give the proposals due consideration," said the U.S. spokesman, Mr John Karch.

In the 10-year history of the talks, the two sides have never been able to agree on how many troops are stationed in the area under discussion, which includes Belgium, the Netherlands, Luxembourg, West Germany, East Germany, Poland and Czechoslovakia. The West claims there are 960,000 Warsaw Pact troops and 700,000 Nato troops in the region. The eastern side claims it has 150,000 less men than the west says it has.

The numbers issue and the question of how to verify any future reductions have been the main sticking points. Each side regularly accuses the other of stalling the negotiations.

Last July, the 12 Nato countries represented at the Vienna talks tabled a draft treaty which proposed reductions in four phases to bring both sides' ground forces to 700,000 within seven years—and air forces to 200,000 in the same period.

Reuter adds from Geneva: The Soviet Union, long opposed to outside inspectors checking its compliance with arms agreements, yesterday proposed a system of on-site inspections for a future treaty banning all nuclear testing.

Mr Viktor Issraelyan, Soviet Ambassador, told the 40-nation committee on disarmament that states signing the treaty could demand on-site inspections if they suspected violations of the ban and complain to the United Nations security council if their requests were not granted.

Tough provisional steel quotas announced

BY OUR BRUSSELS STAFF

THE EUROPEAN Commission has adopted tough provisional steel production quotas for the second quarter of this year, only slightly changed from the previous quarter and in many instances well down on 1982 output.

Warning that no immediate upturn in European steel consumption is in sight, the Commission fixed a provisional global production limit for the traditionally more active second quarter at around 14m tonnes for the seven main products which attract compulsory quotas.

This is less than 2 per cent up on the first quarter and for some products still 25 and 37 per cent lower than 1982 production.

Under the "early-warning" system adopted at the beginning of this year as part of the EEC's two-year-old "crisis" regime for the depressed steel industry, the Commission has undertaken to provide provisional quotas some six weeks ahead of each quarter.

While the provisional limits could be revised upwards to take account of seasonal ad-

Category	SECOND QUARTER QUOTAS (thousands of tonnes)		1983 Provisional quotas
	Quota	1982 Actual output	
Ia — hot rolled coils	5,584	5,650	3,534
Ib — thin plates and sheets	3,833	3,819	2,871
Ic — galvanised sheets	1,174	1,073	790
IV — wire rod	713	619	597
V — reinforcing bars	1,729	1,574	1,670
VI — other merchant bars	2,626	2,255	2,224

justments, officials warned yesterday that there were no indications in either the steel in-

dustry or the overall economic situation that any serious revision is likely to take place.

Organiser of Solidarity radio sent to prison

BY DAVID BUCHAN

THE MAN who ran the clandestine Radio Solidarity during martial law in Poland, Mr Zbigniew Romaszewski, was yesterday sentenced to four and a half years in prison.

His wife, Zofia, an announcer on the secret network, was given three years and seven other people sentences ranging from seven months to two and a half years by a Warsaw military court.

Using relatively cheap short-wave transmitters placed on high-rise buildings, Radio Solidarity started broadcasting last April, giving encouragement to opposition to martial law and information about demonstrations and arrests.

Its regular transmissions ceased last August, when Mr Romaszewski, who claimed credit for establishing the network, was arrested. But there was a very brief broadcast in Warsaw last month.

Mr Romaszewski is the third prominent underground organiser to be caught and jailed.

Mr Romaszewski helped establish the Workers Defence Committee (KOR) in the 1970s. Several other KOR members, including Mr Jacek Kuron, who were interned under martial law are still being held while charges of treason and anti-socialist activities are investigated.

Kohl rejects Swedish call for nuclear-free zone

BONN.—West Germany has formally rejected a proposal made by Sweden last year for a ban on short-range nuclear weapons in Central Europe, diplomats said yesterday.

Mr Sven Backlund, the Swedish ambassador in Bonn, was handed a note explaining Chancellor Helmut Kohl's reasons for rejecting the plan for a 125 mile exclusion zone along the frontier between Warsaw Pact and Nato states.

The note said that, in view of Warsaw Pact superiority in conventional forces, such a zone could increase the danger of a conflict in Central Europe. The plan also overlooked the fact that most Soviet nuclear weapons were stationed outside

the proposed zone but aimed at targets within it, diplomats said.

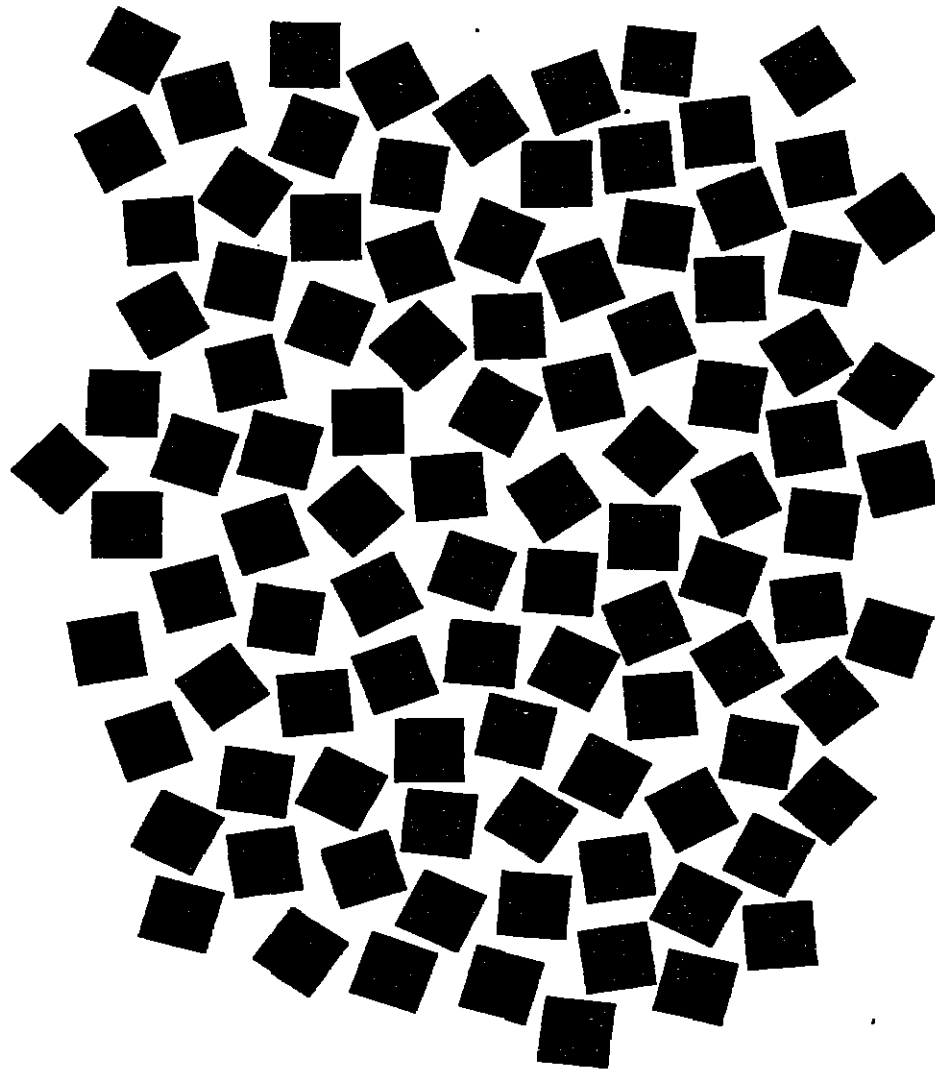
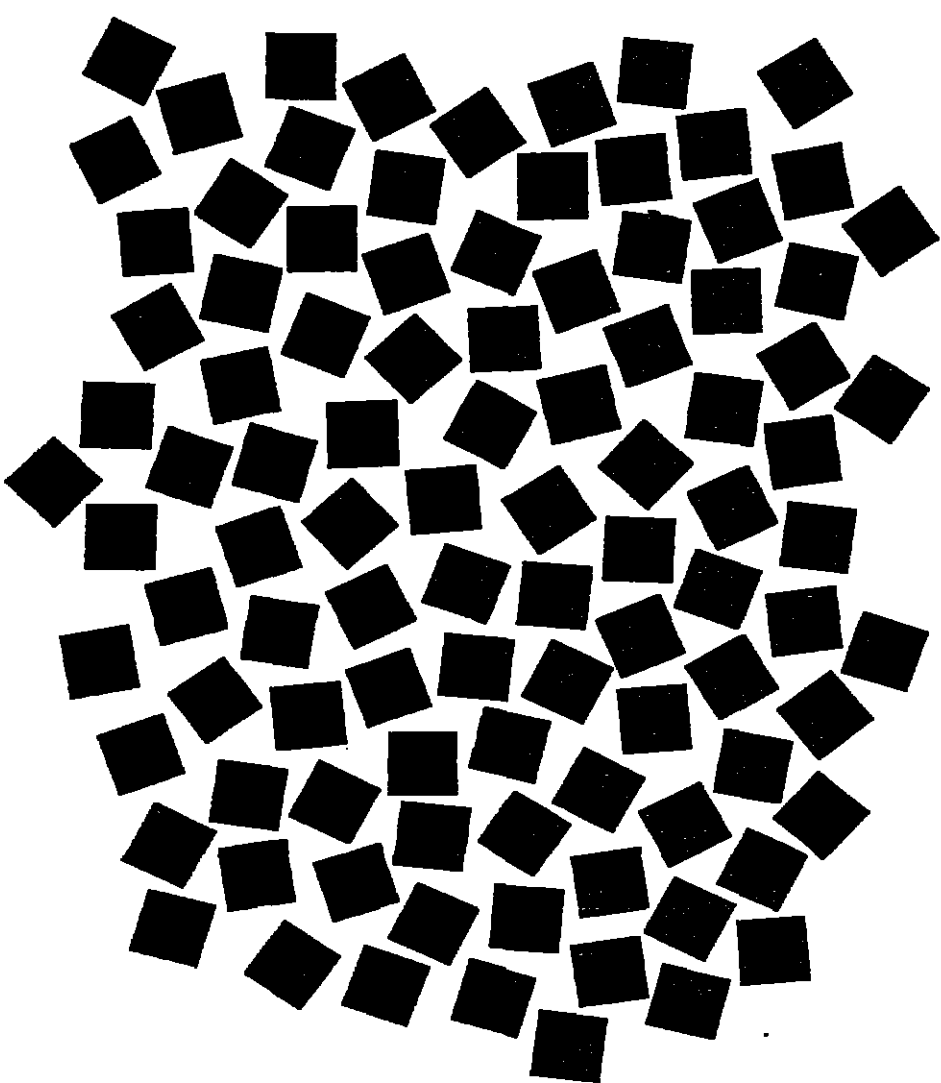
Herr Kohl also replied yesterday to a letter from President Erich Honecker, the East German leader, in support of the Swedish suggestion.

No details were given of Herr Kohl's answer, handed to officials in East Berlin, but the Chancellor had already made clear he has little sympathy for the idea, first suggested by Sweden late last year.

Herr Hans Jochen Vogel, Herr Kohl's rival for the general election, said last week he would consider the plan seriously if he were elected to office.

Reuter

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OVERSEAS NEWS

Wind blows strongly against Reagan peace plan

BY JIM MUIR IN ALGIERS

THEY HAVE come to Algiers from all corners of the Arab world and far beyond. There are prosperous, cigar-smoking businessmen from Kuwait, ascetic-looking young men in Arab headgear, suave professors from American universities—and of course the political and guerrilla leaders who are at the centre of the show.

The 350-odd members of the Palestine National Council take up only one section of the circular conference hall at the

Club des Pins centre on the coast some 30 miles outside Algiers.

Other areas are taken up by members of the 120 or so Arab and foreign delegations come to express their support.

Outside the complex, banners proclaim militant slogans: "Open the Arab borders to guerrilla action." Inside the auditorium, the mood is equally combative.

The speaker, Khaled al-Fahoum, is interrupted by loud

applause when he says: "We declare our clear rejection of all deceptive American illusions of peace . . . before he has a chance to qualify it by adding ' . . . based on Camp David.'"

Any reference to last year's war in Lebanon brings an automatic response.

But everybody in Algiers knows that Palestine is not going to be liberated by Palestinian guerrillas alone, or by

droves of foreign sympathisers

This PNC session — the 16th

— is historic not because the Palestine Liberation Organisation can take momentous decisions but because Palestinian fortunes have never been lower nor its options more restricted.

"Morale is, of course, low," said one council member who had come from the U.S. "But there is still this strong feeling that we are Palestinians, that we have this problem, and that we must keep trying to solve it."

At the other end of the spec-

trum, Y. George Habash, leader of the Popular Front for the Liberation of Palestine, says the same thing in different words: "The Americans are trying to exploit Beirut to make us despair. saying: 'What can you do now? Give up. Accept the Reagan plan.' But the Palestinians will not give up."

If democracy can be said to exist anywhere in the Arab world, it must be here. The PNC is not elected, but it spans an impressive political and

social breadth.

There are the usual manipulations and pressures associated with most democratic processes, and Mr Yasser Arafat, PLO chairman, is well-known for getting most of what he wants most of the time. But he is not an Arab ruler, and in the end he sometimes has to trim his sails to the wind.

This may be one of those occasions. The wind here seems to be blowing against the Reagan plan, not just because

of its textual content, but also because U.S. credibility is so low.

"The Reagan plan will take concessions and give no results," said Dr Habash.

Mr Farouq Qaddoumi, the PLO's political department head and a former member of Mr Arafat's Fatah movement, denounces the Reagan scheme as worse than Camp David. Going along with it would mean a decision to lay the PLO, as such, aside, he says.

South Africa to reduce import surcharge

By J. D. F. Jones in Johannesburg

SOUTH AFRICA'S import surcharge is to be reduced from 7.5 per cent to 5 per cent, Mr Owen Horwood, the Finance Minister, announced in Parliament yesterday.

But the General Sales Tax, at present 6 per cent, will not be changed for the time being.

Mr Horwood was proposing his Part Appropriation Bill, which sometimes acts as a mini-budget in advance of the full budget, which will be presented on March 30.

The cut in the import surcharge — which was reduced from 10 per cent to 7.5 per cent late last year — is in line with the South African authorities' concern to satisfy the wishes of the International Monetary Fund (IMF), which granted the republic a controversial SDR 1bn (£710m) loan last November.

An IMF team is expected in Johannesburg next week and will be shown how the South African balance of payments has made a dramatic recovery in the past six months, thanks mainly to a strong rise in the gold price.

This recovery and the benefit to the exchequer account arising directly out of a gold price of more than \$800 an ounce, are beginning to encourage

authorities had expected. He said that the military Rand had by yesterday morning appreciated by 3 per cent since its initial 5.2 per cent fall immediately after the announcement of the move.

Our Foreign Staff adds: A South African military spokesman yesterday denied a U.S. newspaper report that Pretoria and Angola had begun a ceasefire in the war over Namibia (South-West Africa) and were about to sign an agreement on mutual withdrawal of South African, Cuban and guerrilla forces.

India finds new offshore field

BY K. K. SHARMA IN NEW DELHI

TWO DAYS after an announcement of the discovery of a major new commercial offshore oilfield in India's western continental shelf, the Indian Ministry of Petroleum announced yesterday that another rich oilfield had been established in the south-east shelf.

This is in the Krishna-Godavari offshore basin where it has now been confirmed that the first two wells drilled are yielding oil at the rate of 565 and 569 barrels a day.

The flow shows that the oilfield is potentially commercial. Its import-

ance lies in the fact that, for the first time, oil has been found in India's continental shelf in an area that is not part of the western shelf where all the existing four working offshore fields are located.

This means that there is, as oil experts suspected, hydrocarbons in other parts of India's long coastline and exploration efforts are paying off. The aim is to make the country self-sufficient in oil as soon as possible.

There has been little response from foreign oil companies which

were offered exploration rights and the Government hopes the new finds will attract more of them to India.

Prime Minister Indira Gandhi has appointed a new five-member economic advisory council under the chairmanship of Professor Sukhamdy Chakravarty of the Delhi School of Economics to advise her on issues of economic policy and development.

Mrs Gandhi feels she badly needs independent advice.

Devaluation claim in Australia

BY MICHAEL THOMPSON-NOEL IN SYDNEY

THE FREE-FLOWING insults that are a hallmark of Australian politics continued yesterday with a claim by Mr Andrew Peacock, the Minister for Industry and Commerce, that one of the first acts of an incoming Labor Government could well be to devalue the Australian dollar by at least 15 per cent.

Mr Peacock, a prominent member of the Liberal-National Party Government, accused Labor of being "economically illiterate" and "patently dishonest."

The boomerang soon came back,

with Mr Paul Keating, the opposition spokesman on economic affairs, saying Mr Peacock's statement was "disgraceful, grossly irresponsible, negligent of the national interest, and wrong."

Mr Peacock claimed that Labor's March 5 election promises, outlined by the new Labor leader, Mr Bob Hawke, in Sydney on Wednesday, would produce huge budget deficits, sharply higher inflation, and a flight of capital out of Australia.

He also referred to earlier sug-

gestions by the former Labor leader, Mr Bill Hayden, that the Australian dollar was overvalued, and claimed that a large initial devaluation by a Hawke-led government would be followed by sharp rises in interest rates to attract overseas capital.

A vote for Labor, said Mr Peacock, would mean Australians were mortgaging "their children's future by choosing a party which would destroy the dollar and Australia's future with it."

Mr Keating was furious. He said Mr Hayden had made it clear in November that devaluation was not required, and challenged the prime minister, Mr Malcolm Fraser, and the Federal Treasurer, Mr John Howard, to say whether they supported Mr Peacock's views.

"Any minister who engages in talking down the Australian exchange rate with assertions based on naked political malice should immediately have his commission as a minister withdrawn," said Mr Keating.

Israeli soldiers convicted of beating up students

BY DAVID LENNON IN TEL AVIV

FOUR ISRAELI soldiers have been convicted of brutally mistreating Palestinian students on the West Bank last year, and their court martial also accused their senior officers of issuing the illegal orders.

At the end of a three-month trial which uncovered some repressive methods used by the Israeli occupation forces on the West Bank, three other soldiers were acquitted because it had not been proved they had also beaten up the students.

The events occurred last March and April during violent anti-Israel demonstrations on the West Bank. The court held that the soldiers cannot be expected to use "silk gloves" against rioters, but ruled that brutality and indiscriminate harassment are illegal.

The military judges criticised the former military governor of Hebron, where the assault took place, and another senior officer for allegedly ordering soldiers to herd members of the Dehayshe refugee camp into classrooms, beat them up and smash their wrist watches.

Three of the four convicted soldiers were given prison sentences of between two and six months, the fourth will be sentenced later. The Israeli military police are considering bringing charges against the senior officers.

Two Israeli soldiers were killed and another two injured as they drove through a village near Beirut on Wednesday afternoon. The attack was carried out by two gunmen, according to military officials.

Alain Cass meets Dr Mahathir Mohamed
Britain's patient diplomacy soothes Malaysia's leader

NEARLY TWO years ago, Dr Mahathir Mohamed, Malaysia's Prime Minister, effectively boycotted British goods, describing Britain's business community and its government as "patronising, colonialist and insensitive." There were many who agreed with him, British and Malaysian alike.

He now seems to have come round to a more mellow view. Patient diplomacy by Britain, a paradoxical increase in British investment in Malaysia in 1982 from No. 6 to No. 2 in the league table, soothing words from the British Government and, most recently, the decision to reinstate aid to foreign students—Malaysia has 20,000 in Britain—appear to have done the trick.

Dr Mahathir is due to visit Britain unofficially next month and has been persuaded to call upon Mrs Margaret Thatcher, the British Prime Minister, to bury the hatchet.

But his change of heart is not just a response to a repentant Britain. Dr Mahathir has also come to realise that turning his back on the West and "looking East" is not going to solve Malaysia's problems and enable the country to keep up with the breakneck growth rates of the region.

He realises that unless he takes a more balanced view, he risks alienating the West.

The realisation that Japan and South Korea may not be the right model for Malaysia's very different multi-racial society—where Malays, Chinese and Indians co-exist uneasily—has also played a part in his change of mood. While Dr Mahathir has moved to a more moderate position on his relations with East and West, he has — understandably — presented this change as a victory.

"Twenty-five years ago, where were the Malays?" he asks. "Where were people like me? In the wilderness. Well, today we've come to town. We're civilised. We are not living in trees any more."

He throws back his head and explodes with laughter, relishing the gentle taunt.

He goes on: "The West has become very insensitive and with the insensitive you have to be rough if you're going to get anything at all. I'm very brash and abrasive but that's because I've noticed that when people are nice and polite they never get anywhere."

Since taking office in 1981 he has publicly dismissed the Commonwealth as a talking shop, attacked corruption to clock government employees to clock in (ringing ministers at 9 am to see if they are in their offices). As the world's largest tin producer, Malaysia has also unsuccessfully tried to form a cartel and has almost certainly tried to drive up prices.



Dr Mahathir Mohamed

His disapproval of previous Malaysian administrations is barely concealed. All he says is "I come from different stock."

They in turn, and in particular his predecessor, Hussein Onn, regard him as a renegade, upsetting the delicate balance both between the Malays, who make up 40 per cent of the population, and the Chinese, as well as the country's relationship with the outside world.

"He's brilliant, he's got guts and he believes in what he is doing. But he's too sensitive and he shoots from the hip too often," says one colleague.

"He wants to make his mark in history. I admire him but I don't always agree with him. He could have achieved the same results with Britain without being so rough," says another.

Dr Mahathir believes that is precisely that kind of attitude which has got the Malays nowhere in the past. "Shooting from the hip," he says, "is not good for hitting targets. But sometimes it serves a useful purpose."

Dr Mahathir talks openly of the problem of corruption. "If we make comparisons with the more corrupt countries I would say that Malaysia is not very corrupt," he says. "But it is sufficiently corrupt to make things move inefficiently and retard progress. I can't wipe it out but there is a lot I can do even if it hurts people (such as Malaysia's aristocracy). I will do it and have done it."

He was born in the rural state of Kedah into a conservative and devout Moslem household. His nationalism was forged by an upbringing surrounded by the largely British-owned plantations, where the colonialist superior life-style drove home the Malays' profound sense of inferiority. Dr Mahathir was also a victim of the Japanese occupation during the Second World War.

In questioning Dr Mahathir's "look East" policy, his colleagues have therefore wondered whether he may be substituting one form of colonialism for another.

Dr Mahathir admits there is such a risk and he is also aware of the danger from Japanese investors' often sharp and entrepreneurial style in Malaysia. "There is danger in everything," he says. "But we know what we want from the Japanese, the Koreans and the West."

Dr Mahathir is often portrayed as uncompromising, but he can also be flexible, acting skilfully out of expediency rather than conviction.

His chief domestic problem is the implementation of the country's New Economic Policy (NEP), introduced shortly after the bloody racial riots of 1969. It aims to eradicate poverty and transfer 30 per cent of the country's corporate wealth to the politically dominant, but economically underprivileged, Malays by 1990.

Dr Mahathir is also caught between the growing force of Moslem fundamentalism and the need to preserve confidence among the Chinese community. He has made cosmetic concessions to the Islamic zealots, such as requiring the teaching of Islamic civilisation in universities. But he freely admits that "in an interdependent world" he cannot go too far.

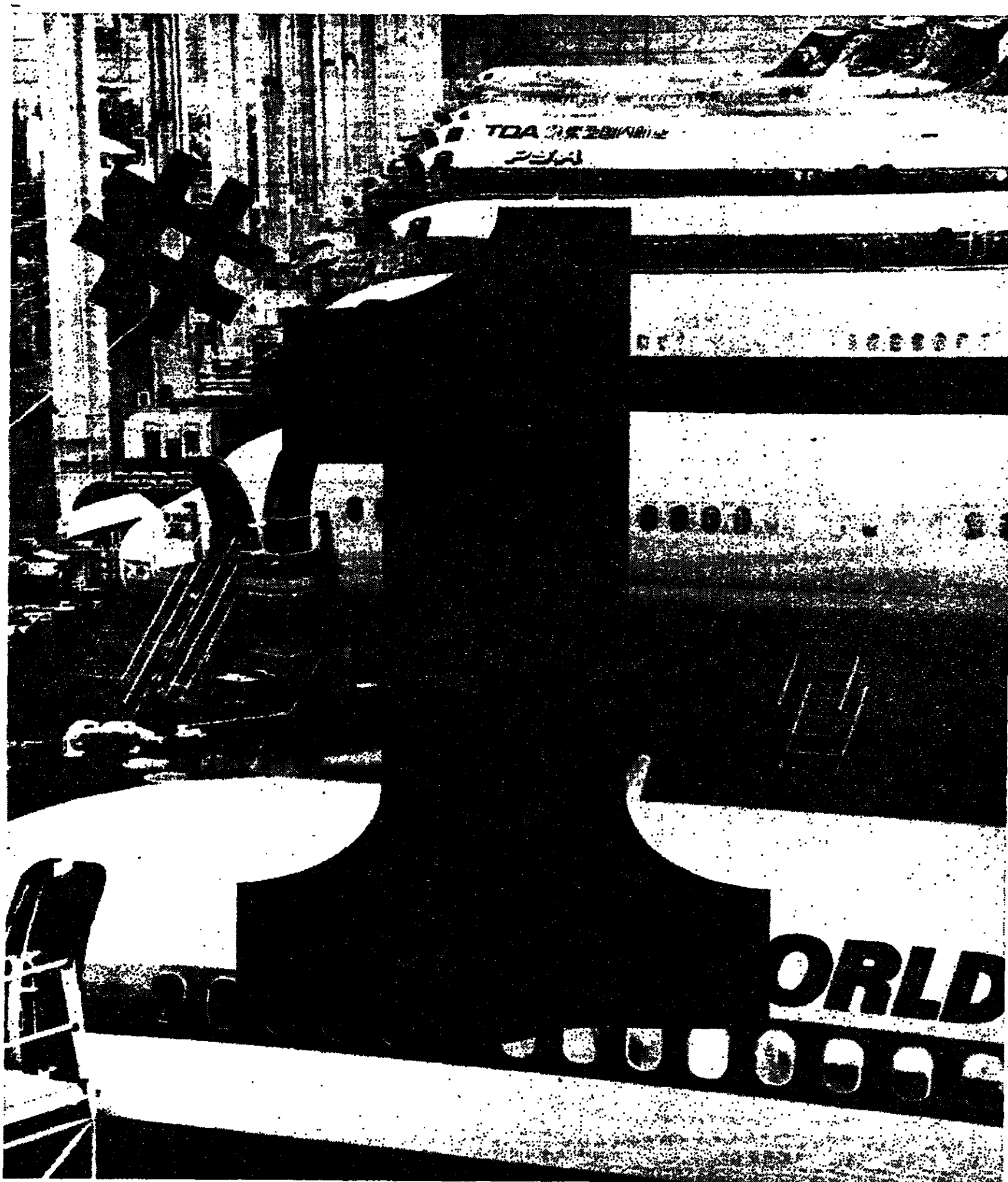
His personal style mirrors that fact that he has to face both ways at once: to keep Malaysia intact. He sometimes rejects advice—even as in the case of his pet project, the Malaysia car, in the face of overwhelming objections from the economic panel he appointed himself.

His genuine drive to rid Malaysia of corruption contrasts oddly with a tendency to surround himself with cronies, who will often talk him into acting impulsively.

Dr Mahathir says that he is not authoritarian, "I am a strict disciplinarian," in the same breath, he will admit: "I accept weaknesses. I can even suffer fools. I know there have to be some of these people around."

At home, he relaxes by pottering around the garden or indulging his flare for making homemade furniture. He is a compulsive reader and always carries a cassette of Japanese or French language tapes which he listens to in traffic jams.

The overwhelming dominance of his party, UMNO, probably means that Dr Mahathir can stay on as Prime Minister for as long as he likes. But he is 58 and some fear that if he keeps up the pace he may burn himself out.



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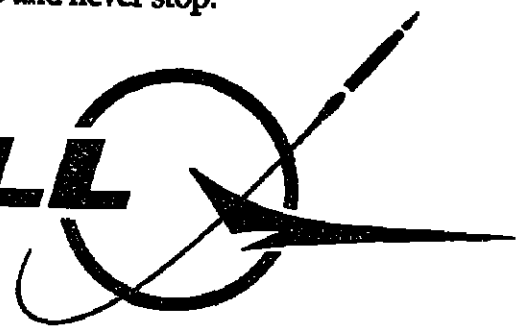
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AMERICAN NEWS

Volcker says IMF funds rise 'essential' to U.S.

BY PAUL TAYLOR IN NEW YORK

MR PAUL VOLCKER, the U.S. Federal Reserve Board chairman, told Congress yesterday that the proposed increase in the U.S. contribution to the International Monetary Fund was essential to the health of the U.S. economy and financial institutions.

Mr Volcker was giving evidence for the second day running to the Senate banking committee which, in common with other Congressional committees, is pressing for tighter controls over U.S. bank lending overseas as a condition for approving higher IMF quotas.

The Fed chairman told the committee that the international financial system is not separable from our domestic banking and credit system.

He repeated earlier comments that the same institutions are involved in both markets. A shot to one would be a shot to the other.

Mr Volcker, echoing views expressed by the Reagan Administration and senior commercial bankers, warned that the failure to deal successfully with the immediate international pressures "would only jeopardise prospects for our recovery, for our jobs, for our export markets and for our financial markets."

Mr Volcker's comments reflect a growing awareness that Congress is determined to extract tougher rules on U.S. bank lending overseas as the price for what is widely viewed as a "bail out" of the banks' troubled overseas loans to countries which have run into liquidity problems.

This pressure also reflects concern by some Congressmen

that the banks have been too willing to lend to developing countries in the past and are now deliberately "holding up" U.S. domestic interest rates to offset losses in their foreign loan portfolios.

Bowing to this pressure, Mr Volcker made it clear in earlier testimony to the Senate banking committee that the Fed is considering "various options" to tighten controls over overseas lending.

Mr Volcker said that these options are "under most intense consideration" and told his questioners that the Fed intends to bring specific proposals forward before Congress if asked to vote on the IMF quota increase.

Some members of Congress have already proposed new rules on U.S. bank lending overseas. One proposal drawn up by Senator John Heinz and Senator William Proxmire seeks rather than to impose congressional limits on U.S. bank exposure to leave it to the Fed to set the restrictions.

Such a proposal is likely to meet with a better response from the Administration, banking regulatory authorities and bankers themselves than one which would allow Congress to impose its own limits.

Under the Heinz-Proxmire plan, the Fed would specify how much banks could lend as a percentage of their total capital to individual foreign countries. The percentage could be varied according to a Fed assessment of the ability of particular countries to repay and service their debts.

Hugh O'Shaughnessy, recently in Mexico City, on a last domino off balance

Mexico: 'Badly burned but not mortally wounded'

AFTER BANKRUPTCY, revolution. Such has been the analysis of Mexico recently by some of the more nervous observers of the country. Sooner or later, it is argued, the strains imposed by Mexico's economic crisis will cause a breakdown in law and order. Volatile Mexico, whose revolution claimed a million lives 70 years ago, is—so this argument runs—again ripe for chaos.

Some U.S. analysts have heaped geo-political argument on top of historical parallel. They contend that Soviet and Cuban success in fomenting unrest in South America is about to be repeated in a strategically important country, on President Reagan's borders. Washington's enemies are seeking to widen and consolidate the bridgeheads they have carved out for themselves in Nicaragua and El Salvador. Some fear that Mexico—the last and the most precious domino—is now in real danger of falling to the forces of international Marxism and Leninism.

Yet the fact remains that informed opinion in Mexico still rules out such a dramatic turn of events. There is certainly no denying the seriousness of the crisis facing the ten week old Government of President Miguel de la Madrid who acceded to a six year term on December 1 and inherited a state of financial chaos from his

predecessor President Jose Lopez Portillo.

This year, realistic forecasts point to a 3 per cent fall in the gross national product as Mexico grapples with the task of servicing a foreign debt of \$83bn as the price of oil, its main export, crumbles.

The retrenchment sought by the International Monetary Fund—in exchange for a three-year \$4bn package—means a sharp cut in public sector spending, so that the budget deficit which represented 16 per cent of gross domestic product last year is to be reduced to 8.5 per cent this year, and only 3.5 per cent in 1985.

Despite Government claims in the budget that 700,000 new jobs would be created this year, the reality is the opposite: there are likely to be big job losses as private companies go out of business, and state enterprises drastically slim down. It may well be that by the end of this year, not much more than half the Mexican labour force will be in full time employment.

This means that Mexico's critical unemployment problem—at present only three Mexicans out of five have full time jobs—will certainly get worse. The flight from the land to the cities will also accelerate as the peasants realise that President de la Madrid now has almost no money to spend on roads, irrigation, and other social



A clash between police and peasants last year

projects. Successive governments have used these to bribe them to stay away from Mexico's already overcrowded cities.

As 1.3m peasants are currently leaving the country for the towns every year and as the population of Mexico City in the year 2000 is already projected at 32m people, the severity of this crisis is obvious. The principal hope for the unemployed must now be emigration to the United States where the prospect of remitting home 150 devalued pesos for every dollar earned makes employment there very attractive indeed.

This all adds up to the seventh crisis which Mexico has faced since the slump of the 1930s. But most Mexicans believe that the country's political and social structures are strong enough to take the strain. Mexico is not Bolivia or Argen-

tina where instability is the norm. Mexico is a country which has enjoyed political stability under the same political party for six decades. It has a presidential system of government which gives the head of state the powers of a monarch, indeed of an autocrat, during his six-year term.

The President chooses his court from the PRI—the ruling party—the institutionalised revolution—a grouping whose catchment area is wide enough to include left wingers and conservatives, idealists and pragmatists, and the honest and the dishonest. President de la Madrid has chosen his advisers from among a team of apparently honest pragmatists.

The unique nature of the PRI means that its "early warning system" reaches from the lushest restaurants in Mexico

City to the last halet of the Indigenes lost in the wilds of the Sierra Madre. The party controls the main trades unions and peasant organisations, women's groups, youth groups, and intellectual groups. It patronises newspapers and radio and TV stations and even finances some opposition parties.

The ideology is different, but the PRI is as identified with the state as the Soviet Communist party is in the USSR. To argue that economic problems will bring down the Mexican Government is thus about as realistic as to argue that Soviet economic difficulties will mean the disappearance of Mr Andropov and the Communist Party in the Soviet Union.

Sr Fausto Zapata, a former senator and ambassador to Italy, puts it this way: "The crisis is widespread but it isn't deep. Mexico is like a man who has suffered extensive skin burns but who has not been mortally wounded."

Nevertheless the new Government is clearly very worried by the political damage done to this system by the regime of President Lopez Portillo which is widely held to have been corrupt.

A senior assistant to the President also conceded that the Government's IMF-inspired austerity measures have already affected the popularity of the newly elected leader. Regular

opinion polls around the country are underlining this.

This criticism so early in the term of a new President is unprecedented, but the militancy of organised labour has already been tempered not only by loyalty to the PRI but also by the realisation that lower wages are preferable to none at all.

Almost all observers are agreed that the existence of the PRI unions—and the absence of any other nationwide labour organisations rules out any national industrial or peasant action against the Government. There may be instances of industrial or peasant unrest, but the rank and file are likely to remain controlled, however despondently, within the ranks of the government party.

The de la Madrid Government is likely to bolster its position by calling on those reserves of nationalism which are still abundant in the country which has the U.S. as its neighbour. Mexico lost much of its territory to the U.S. in the last century and U.S. troops occupied parts of Mexico several times this century.

Were any group to become too vociferous against President de la Madrid or the PRI, they could effectively be charged with weakening the Government and embarrassing it in its continuous negotiations with the colossus of the North.

Reagan confirms his foreign policy stance

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

PRESIDENT Ronald Reagan and his Administration have made it clear again this week that they are sticking to a tough foreign policy, unwavering by the murmurings of domestic critics.

In the past two days the Administration has:

- Confirmed that it sent the aircraft carrier *Nimitz* back to the Gulf of Sirte to assert its right to conduct its international waters—repetition of the move that led to the shooting down of two Libyan fighters in August 1981;

- Quashed any talk of negotiations with the rebels in El Salvador, increasingly favoured in Congress; and

- Declined to withdraw the nomination of the controversial right-winger Mr Kenneth Adelman as the new arms control director, despite mounting opposition in the Senate.

On Central America, Mr George Shultz, the Secretary of State, has publicly identified himself, for the first time, with the hardline policies of his predecessor, Mr Alexander Haig. He told the House foreign affairs committee that the war in El Salvador was fuelled by "arms that flow from the Soviet Union to Cuba, Nicaragua and the leftist insurgents, and accused the rebels of being responsible for violence in the country."

Told by a Congressman that his policy sounded pretty similar to that of Mr Haig, Mr Shultz replied: "I inherited from him some very good thinking and some very good policies." This was not surprising as both men served the same President, he said.

President Reagan used his Wednesday night news conference to renew allegations that Colonel Muammar Gaddafi, the Libyan leader, is trying to destabilise neighbouring countries, and to assert the right of U.S. forces to defend themselves if fired upon "wherever we have put them."

He said he would not use U.S. troops to prevent a Libyan invasion of Sudan, but repeated his willingness to send more U.S. marines to join the multinational force in Lebanon if necessary.

Mr Reagan said that it would be a "terrible setback to the cause of peace and disarmament" if a new West German Government took office after the March 6 elections, and declined to deploy American Pershing 2 missiles on its territory. He quickly added a rider that he was not trying to interfere in the elections, but on a number of other issues he floundered embarrassingly.

His age seems to have been increasingly showing in recent television performances—he has just celebrated his 72nd birthday—and despite careful rehearsal, he appears to be finding it more and more difficult to cope with complicated or long answers to questions that he knows will be asked.

Mr Reagan was firm in his support for Mr Adelman, the 36-year-old deputy U.S. Ambassador to the United Nations, who is having great difficulty securing Senate confirmation as arms control director on the grounds both of his inexperience and what Senators view as a cynical approach to arms control.

Describing Mr Adelman as "well educated, experienced and very intelligent," Mr Reagan made it clear he would try to outflank the Senate foreign relations committee and secure Mr Adelman's confirmation in a floor vote.

On the Geneva negotiations with the Soviet Union on intermediate range nuclear missiles in Europe, Mr Reagan again stuck to his "zero option" proposal, under which the weapons would be banned by both sides. The Soviet Union had still not come up with a reasonable proposal and "the ball is still in their court," he said.

Canada's real GNP down 5% in 1982

OTTAWA—Mr Marc Lalonde, Canada's Finance Minister, said yesterday that real gross national product fell almost 5 per cent in 1982.

In an economic statement to the House of Commons, Mr Lalonde said the recovery did not start to occur in late 1982 as he had hoped, and that led to a revision of his October prediction that real GNP would decline 4.4 per cent in 1982.

He said the consumer price index has run at an average annual rate of 7.2 per cent since last June, the trend appeared to be continuing downwards, and the index should reach 6 per cent in 1983.

In December, the 12-month in-

crease in the index was 9.3 per cent compared with a 13 per cent peak in the summer of 1981.

Mr Rene Levesque, the Premier of Quebec, has threatened to call an election if the province's 70,000 striking teachers continue to defy harsh back-to-work legislation approved by the Quebec National Assembly late on Wednesday night. Leaders of the three-week old strike have rejected the Government's offer to suspend the new law after a return to work, and to put the teachers' grievances—mainly increased workload and threatened layoffs—before a special commission of the assembly. Agencies

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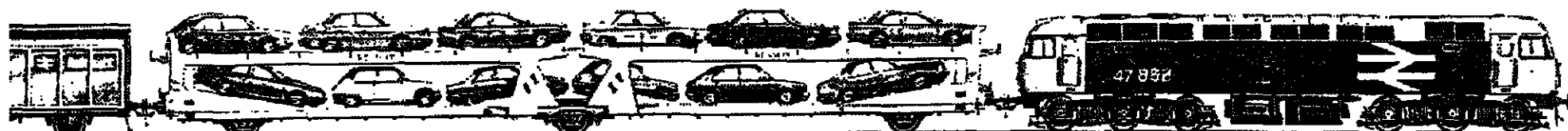
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WORLD TRADE NEWS

Tony Walker in Peking on a trade deal that reflects a new rapprochement

Chinese set to sign barter deal with Soviets

CHINA'S north-east province of Heilongjiang and the Soviet far east region will soon sign a trade agreement to barter goods across their common border in a further sign of modest growth in Sino-Soviet relations.

Zhang Bin, a senior official in Harbin, capital of Heilongjiang, in what used to be known as Manchuria, said trade negotiations had taken place last October in the Soviet border town of Khabarovsk.

A Soviet delegation is expected to visit Harbin this month to put finishing touches to the barter agreement under which China will supply mostly foodstuffs in exchange for building materials and some consumer items.

Mr Zhang said it was "in the economic interests" of both sides to start trading across their common border. "The problem could be," he said, "that because of the suspension of trade for so many years, there was a shortage of market information about what they need and what we need."

He mentioned that China used to buy Russian-made bicycles, but now did not need them. The Russians also had proposed bartering black and white TV sets, but China is having trouble selling those it produces.

"To our knowledge food supplies including grain are insufficient in the Soviet Union," China's north-east provinces are big grain producers.

Sino-Soviet cross-border trade was suspended in 1969 at the time of the Ussuri River incident when Chinese and Russian troops were involved in brief and bloody clashes.

But trade actually stopped in 1966—the year the Cultural Revolution began—because of a dispute over money. Peking and Moscow early last year agreed to resume cross-border trade as part of a general move towards more normal relations.

Mr Zhang said that among the items the Soviet far east region is proposing to barter with China are timber, cement,

glass and consumer goods. In return, China wants to barter edible oils, pork, grain spirit and textiles. The provincial official could not indicate what value trade might reach.

China and the Soviet Union are proposing to open two border points to trade—one in the east at Suifang on the Chinese side and Ussuriysk on the Soviet side and the other in the north of Heilongjiang at the adjoining towns of Heihe and Blagoveshchensk. At this stage, only the eastern border crossing at Suifang is served by a railway line.

Prospects for barter trade between Heilongjiang and the Soviet far east are promising in the longer term. Both regions are rich in raw materials and the Soviet side, particularly, is isolated from domestic markets.

The Chinese have established the Heilongjiang Provincial Border Trade Corporation to handle their business with the Soviets. Soviet and Chinese officials will be located in adjoining border towns and will

meet regularly.

Mr Zhang said the Sino-Soviet border was now quiet and there were few incidents these days, but the number of Soviet troops—said to amount to about 1m along the entire border—had not been reduced.

He pointed out that last September the Soviets carried out a big military exercise on China's north-east border. The Soviet Union was also continuing to install "monitoring equipment" along the border, and were "still carrying out espionage and sending spies to China."

Meanwhile, China and the Soviets are in the process of resuming their annual trade negotiations which are usually conducted in the first half of the year. This year's talks are being held in Moscow.

Last April the two sides agreed to exchange goods to the value of about \$300m. This took the level of Sino-Soviet trade to what it was in 1980 when the Soviet invasion of Afghanistan caused renewed



tension between Peking and Moscow.

Sino-Soviet trade this year is expected to register a 45 per cent increase over 1982.

Warning on Indian trade policy

By K. K. Sharma in New Delhi

A WARNING that India would consider tightening its import policy if tariff and non-tariff barriers continue to be put in the way of its exports by the industrialised countries was given yesterday by Mr V. P. Singh, the Minister for Commerce.

Mr Singh said that imports needed to make Indian goods competitive in world markets and to increase industrialisation would continue, "but we have to take into account the realities of the situation today."

Mr Singh's warning comes in the wake of announcements that India's trade gap—\$355bn (£25.9bn) last year—was growing because exports are increasing slowly and imports have been liberalised for the past four years, particularly for capital goods and intermediate products.

Mr Singh made his remarks after returning from a meeting in Baghdad of 30 Asian countries held to prepare strategy at the next United Nations conference to be held at Belgrade in June. The Asian countries adopted a resolution to demand immediate action by the international community to improve trading conditions for the Third World.

Westland secures \$3.8m order

By Michael Donnan in London

WESTLAND HELICOPTERS of the UK has won an order worth over \$3.8m from Aviation Consultants and Services of the U.S. for two Westland W-30 helicopters, for delivery this summer.

The aim is to use the helicopters for an "on demand" VIP charter service. Mr Roy E. Secrest, president of Aviation Consultants, said the choice of the W-30 followed six months of extensive study of other available types.

● National Airways Corporation, a subsidiary of Lounsbury, has placed an order with Edgley Aircraft of Old Sarum, Wiltshire, for four of the small slow-flying Optica observation aircraft, worth about £1.5m, with production positions reserved for another 21 aircraft.

NAC has been appointed the distributor for the Optica for countries in Southern Africa.

Edgley Aircraft is negotiating distributorships in several other countries, which it is hoped will lead to further sales successes overseas.

\$300m Zaire deal for Lucky

By Ann Charters in Seoul

THE LUCKY Development Company, part of the major Korean conglomerate, the Lucky-Goldstar Group, signed a \$300m contract with the Zaire Ministry of Economic Planning this week to build a plywood factory, a first class hotel and 12 rural hospitals. The projects will require use of Zaire labour and materials, though the exact requirements have yet to be finalised.

The \$140m factory, with a 40,000 sheet per day capacity, the \$65m 300-room hotel and the hospitals, with a total of 1,200 rooms, at \$95m are part of the Mobutu economic reconstruction plan and scheduled for completion within two years.

This contract marks the first African project for Lucky Development, whose prior overseas construction activity has been concentrated in Saudi Arabia.

The company, active outside Korea since 1978, had \$700m in contracts through to the end of 1982. The company is currently studying a project in Lebanon to rebuild the telephone cable network as part of projected Korean aid to that country.

Snamprogetti wins Agip offshore deal

SNAMPROGETTI, the engineering unit of Italy's state-owned Eni group, has won what is understood to be a major offshore oil platform engineering contract from Agip Name, an Italian-Libyan joint venture company representing Libyan oil interests. Our World Trade Staff writes.

Full value of the contract was not disclosed but the work will take place in the Eni oil operation off the Libyan coast.

Schering plans \$106m Irish interferon plant

BY LYNTON McLAIN IN LONDON

SCHERING-PLOUGH, the U.S. pharmaceutical company, is to go ahead with plans to build in Ireland the world's first plant for the commercial production of interferon, the experimental drug, for \$106m. The decision comes before the U.S. Government has approved the drug's sale.

The investment marks a further stage in the race between Schering-Plough and Hoffmann-La Roche to be first to market commercially-produced interferon.

This was emphasised by executives of the U.S. company in London yesterday at a presentation of the plans by the Industrial Development Authority (IDA). The IDA has agreed to fund between 5 per cent and 7 per cent of the investment in the proposed plant at Lishannon, Cork.

"Some scientific and medical questions have yet to be resolved before the company seeks U.S. Government approval to market interferon," the company said.

Schering-Plough has given the go-ahead so it can be ready to make the product available as soon as its "therapeutic usefulness is confirmed." It is a "high-risk" product,

but "we can ill-afford to have an approved drug without the technology to produce it," Mr John Nino, the senior vice-president for manufacturing operations said.

He forecast that the pressure from the medical profession to have the drug available after approval would be "very significant."

Work on the factory is to start next month and will be phased to permit "continuing assessment of the progress of the drug."

Around 80 staff are expected to be employed at the 234,000 square feet factory, on the site of an existing, disused Schering-Plough works, this year. This will rise to 180 staff by the end of 1984 with further jobs, possibly up to 300 in total, as production builds up.

The decision by the IDA to back the venture is part of a "conscious development of the chemical, pharmaceutical and healthcare industries," Mr Sean Ward, the IDA manager for market planning said.

Ireland's exports in this sector have grown from \$34m in 1970 to \$1.5bn last year, making Ireland twelfth in the world as an exporter of pharmaceutical products.

Inactive tanker volume rises to 78m tonnes

BY ANDREW FISHER, SHIPPING CORRESPONDENT

LAST MONTH saw another large jump in the volume of idle tanker tonnage round the world, with 78m deadweight tons now inactive, E. A. Gibson Shipbrokers have reported.

Gibson said that 460 tankers were idle or laid-up, with scrapping so far this year in the continuing crisis totalling 32 vessels of 2.7m dwt—some 300,000 dwt above the figure to mid-February 1982.

Many owners, the London-based shipbrokers added, would decide to scrap more of their based shipbrokers added, would around the Gulf area with little large tankers were sitting or no prospect of immediate employment.

Gibson's figures showed that VLCCs and ULCCs (very large and ultra large crude carriers) of 200,000 dwt and more accounted for just over 57m dwt of the inactive total. This total was 50m dwt a year ago.

It reckoned that 25.7m dwt of these big tankers would probably never trade again. Including smaller ships, it estimated that 38m dwt were unlikely to survive the crisis.

As well as the idle or laid-up tankers—the largest, the 565,000 dwt Seawise Giant, has been

lying off the island of Aruba near Venezuela since last April—another 13.5m dwt are being used simply to store oil, mostly for Japan.

● A. & P. Appledore, the UK-based shipbuilding consultant, has won a contract to manage the Dubai Drydock.

Appledore, now helping British Shipbuilders on its productivity drive, said the dock would probably be open within six months.

● Reuter reports from Tokyo: Export orders received by Japanese shipyards in January remained at a low level, amounting to seven ships totalling 129,400 gross tons. This compared with eight ships totalling 97,400 tons ordered in January, 1982, and seven ships totalling 133,600 tons in December. The low level of orders reflected the continuing slump in the world shipping market, the Japan Ship Exporters Association said.

Cumulative export orders in the first 10 months of fiscal 1982, started last April 1, totalled 146 ships amounting to 2.2m gross tons, compared with 234 vessels of 3.84 tons in the same period of fiscal 1981.

NATIONAL WATER COUNCIL

WATER SERVICES

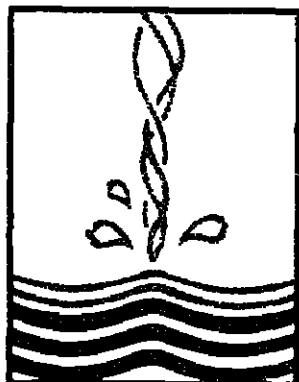


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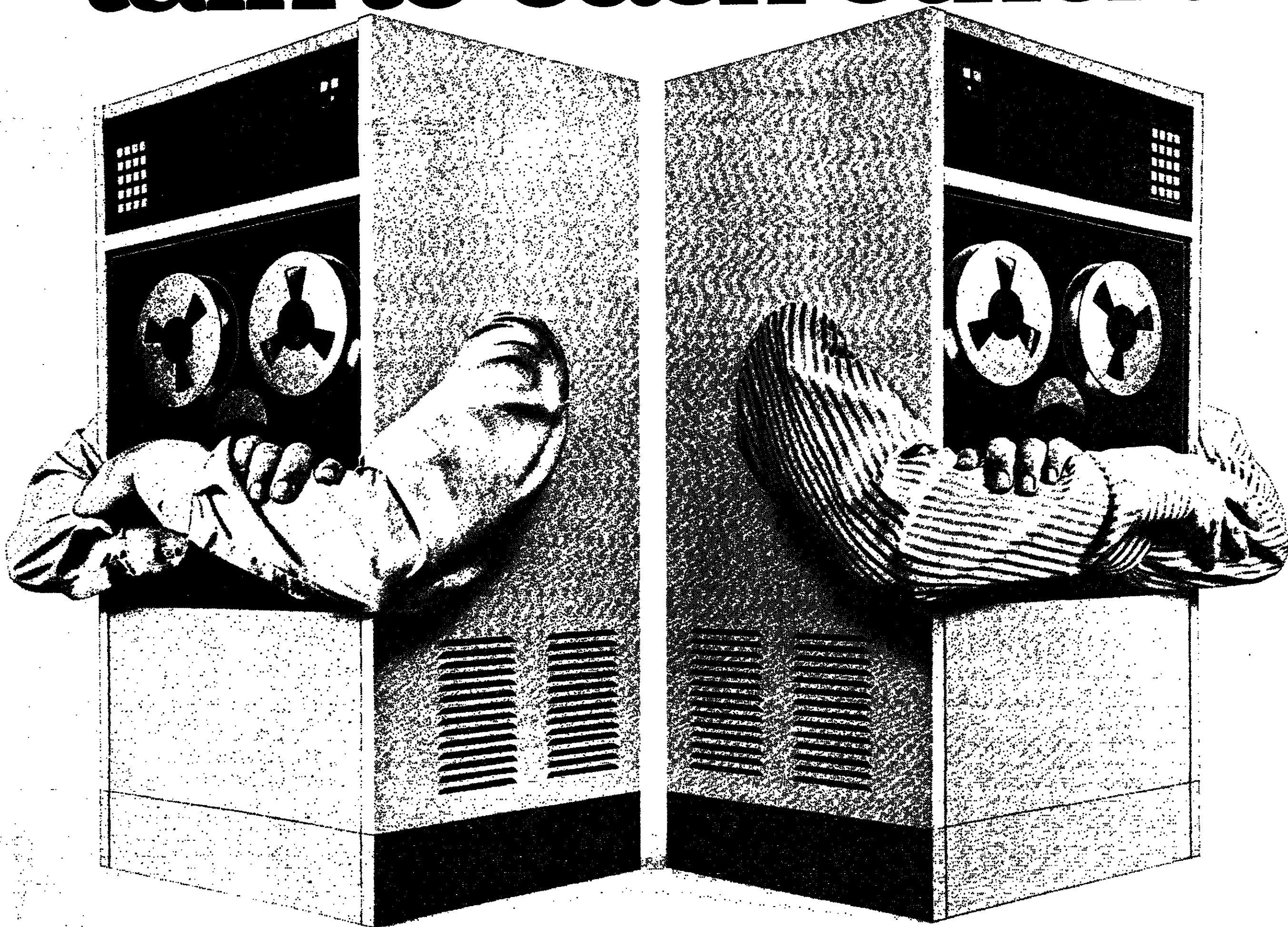
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UK NEWS

Thatcher orders inquiry into Cabinet leak

BY MARGARET VAN HATTEN

MRS MARGARET THATCHER, the Prime Minister has ordered an inquiry into the leaking of sensitive Cabinet papers which have revived the row over Government plans radically to reform the welfare state.

Officials yesterday moved to defuse the row by stressing that many of the proposals outlined in a British newspaper yesterday, which reflect much of the thinking behind last year's controversial central policy report, were at a preliminary stage and did not constitute government policy.

Many of the ideas needed further refinement and some would be rejected outright, it was suggested. But no attempt was made to deny the authenticity of the documents quoted by the newspaper, although its suggestions that the proposals represent an attempt to dismantle the welfare state were hotly denied.

The proposals were drawn up by a policy group headed by the Prime Minister and including eight senior Cabinet Ministers - the Chancellor of the Exchequer, Sir Geoffrey Howe, Sir Keith Joseph, Mr Michael Heseltine, Mr Norman Tebbit, Mr Patrick Jenkin, Mr David Ho-

well, Mr Norman Fowler and Mr Timothy Raison.

The aim of the proposals as outlined in a confidential memo to the committee, is to "identify and to seek ways of countering those factors which tend to undermine or even prohibit the exercise of personal responsibility and a sense of individual self-respect."

Ministerial responses to this challenge include proposals for the privatisation of a wide range of social services; help for parents to set up their own schools and preferential treatment for schools with a "clear moral base"; the lifting of restrictions on some professions such as doctors, teachers and architects; and greater family responsibility for care of the aged.

The papers also propose changes in "social and cultural values"

Publication of extracts from the leaked documents has brought a mixed reaction ranging from outrage on the Labour front benches over the alleged attack on the welfare state to amused contempt from some members on both sides of the House of Commons over the perceived naivety and crudity of many of the proposals.

RTZ chief may take on state steel job

By Peter Riddell, Political Editor

SIR ALISTAIR FRAME, chief executive of Rio Tinto-Zinc, has emerged as the strongest candidate to succeed Mr Ian MacGregor as the chairman of the British Steel Corporation.

An approach has apparently been made by ministers to Sir Alistair and negotiations are under way. He would take over in the summer. Mr MacGregor has been in negotiations with the Government about becoming the next chairman of the National Coal Board.

Mrs Margaret Thatcher, Prime Minister is known to favour outside businessmen with a successful private sector career, such as Sir Alistair, rather than a senior internal executive whom she believes has been associated with the past failures of the corporation.

All this reflects Mrs Thatcher's view that the nationalised industries need shaking up with an injection of proven commercial management at the top.

North Sea auction raises nearly £33m from oil companies

BY RAY DAFTER, ENERGY EDITOR

A CONSORTIUM of independent oil companies has successfully bid £10.1m for part of a North Sea exploration block which it could have bought for about £5m two years ago.

The group, led by U.S.-based Amerada Exploration, was the highest bidder in an auction which raised almost £33m for the Government.

Each of the seven blocks and part blocks awarded yesterday under the auction system could have been acquired by the industry in the previous round of licences, when companies were given the opportunity of choosing their own concessions for a fixed sum of £5m each.

Amerada said that, since 1981, it had obtained fresh seismic data on the concession. British Petroleum, which successfully bid £7.2m for another block in the auction, gave much the same reason. New geological information had come to light which had made the concession more interesting, the company said.

All of the blocks, offered under the eighth round of licensing, are in the oil-producing northerly sector of the North Sea.

The "golden block" of the round, won by Amerada and its partners - Charterhall Oil and Bula Exploration - was 21/15b, about 100 miles east of Peterhead, Scotland, and immediately south of BP's Forties field. The concession has already been licensed once; it was formerly held by Mesa Petroleum but was relinquished in 1976.

The next biggest spender after Amerada was a group of companies led by another U.S.-based operator, Conoco. The companies bid a total of £8.3m for two blocks.

The remaining blocks to be awarded in the eighth round are expected to be allocated early next month. These are being distributed under the normal UK system of discretionary licensing. Energy Department officials are interviewing applicants for these blocks, many of which lie in the southern gas-producing sector of the North Sea.

Blocks allocated in the auction round were: 15/25b (£5.7m), Conoco, Tircenrol, Saxon Oil, Hispanoil and Elf UK; 18/1 (£7.3m), British Petroleum; 18/2b (£3.15m), Fina Exploration and Arpet Petroleum; 21/15b (£10.1m), Amerada Exploration, Charterhall Oil, and Bula Exploration; 21/20b (£3m), Shell UK and Esso; 25/4b (£2.6m), Conoco, Tircenrol, Saxon Oil, Hispanoil and Ultramar; 29/4b (£2m), Arpet Petroleum, Esso, Shell UK, Norsk Hydro, and Chemical and Allied Trust.

ANGER AT BR PLAN TO SHUT WORKSHOPS

Rail unions to fight closures

BY HAZEL DUFFY, TRANSPORT CORRESPONDENT

RAIL UNION leaders reacted angrily yesterday to the British Rail proposal that three BR Engineering workshops should close with the loss of 3,500 jobs.

Mr Russell Tuck, acting general secretary of the National Union of Railwaymen (NUR), said yesterday: "We shall maintain our policy of no compulsory redundancies and no workshop closures."

The rail unions were told of the proposal at a meeting yesterday of the Rail Council, the top-level BR Board trade union liaison body. The executive of the NUR, the main union in BR Engineering, will discuss the proposal next week.

The decision by the BR Board to press for the closures could lead to a threat of industrial action. The BR Engineering proposal last spring to close the Shildon, Co Durham, workshop - also on the list of closures this time - led to the first of a series of warnings by the NUR that led eventually to the strike in the summer. The current proposal is made at a time when relations between the unions and the board have been described by the NUR and Aslef - the train drivers' union - as "shocking".

BP is proposing that Shildon, with 2,000 employees, should close by the end of next year. The closure would be in two stages, the first 600 leaving at the end of this year. The workshop at Horwich, near Bolton, would be closed by the end of 1983, except for the foundry and spring shop, making 1,100 redundant, and Temple Mills, in east London to close at the same time, with 310 redundancies.

BR says the proposed closures are necessary because there is a continuing surplus capacity in BR Engineering, which makes and maintains locomotives, coaches and wagons. This added £16m to BR's costs last year, and will add another £22m this year.

Although no mention of further redundancies was made at the meeting yesterday, BR Engineering's own plans as outlined to the recent Serpell Committee show that it plans to reduce staff by 4,600 by 1986. BR Engineering now numbers 31,000 employees.

The proposal to close Shildon was described by Mr John Priestley, convenor of shop stewards at the workshop, as "the death of Shildon". The workshop is the only major source of male employment in the town.

"We plan to fight this proposal as we did last spring with a massive campaign," Mr Priestley said. "The issue will be raised at the conference of the Confederation of Shipbuilding and Engineering Unions next month."

Mr Tuck said he believed the

workshop at Horwich, near Bolton, would be closed by the end of 1983, except for the foundry and spring shop, making 1,100 redundant, and Temple Mills, in east London to close at the same time, with 310 redundancies.

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More UK news on Page 12

wages" as ES recommended that any pay rise this year would have to come from local productivity deals.

Mr Maurice Phelps, industrial relations director at ES, said: "A national pay freeze is vital to protect jobs." But he also warned that more job cuts could be on the way after last month's announcement that 2,000 jobs would go by the end of March.

A delegate conference of shipyard workers in Tynesouth yesterday repeated the unions' total opposition to compulsory redundancies in the industry. But ES announced that more than 2,000 hunters for redundancy had already been found, and little concerted opposition to job cuts is expected from the unions.

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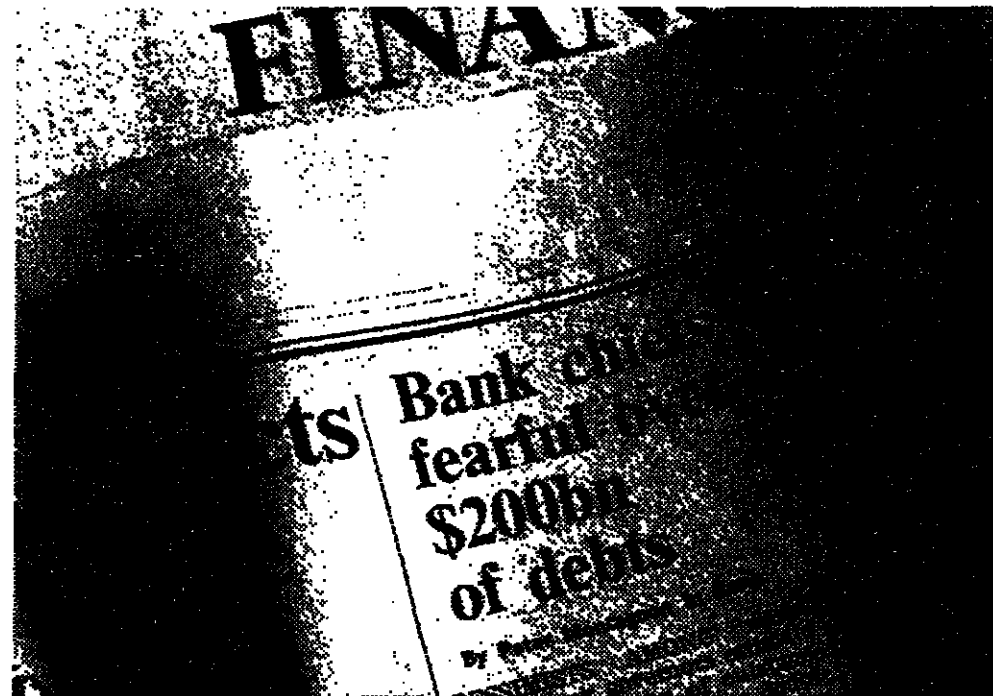
As the world becomes an increasingly risky place for the businessman, so the need for adequate insurance becomes greater.

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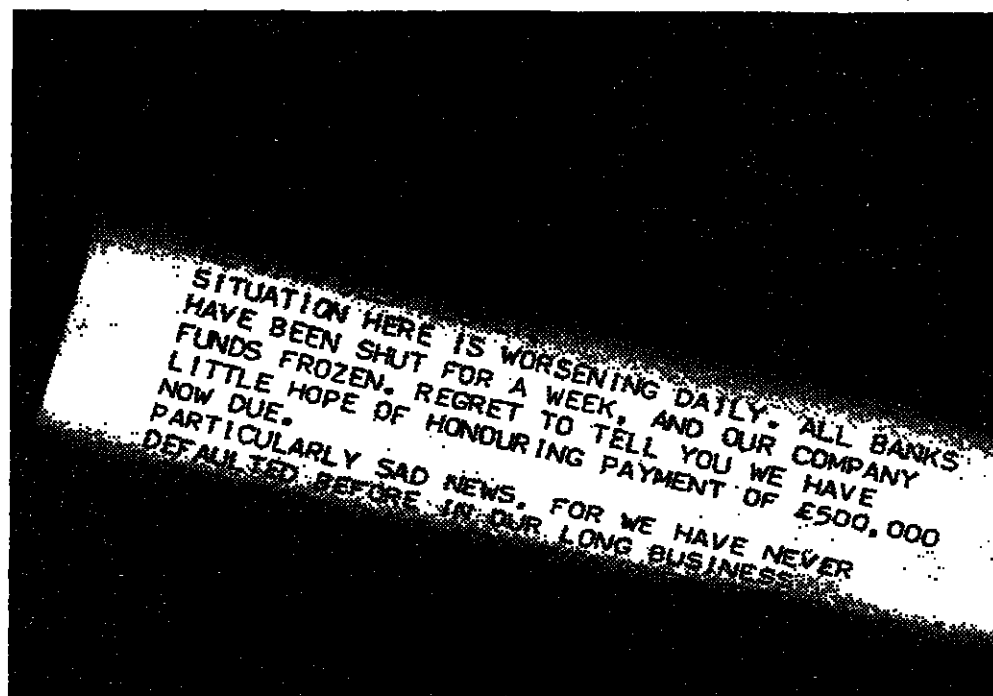
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Merchant banker found dead

BY JOHN MOORE

SIR TREVOR DAWSON, the merchant banker, was found dead yesterday at his London home. A plastic bag was over his head when he was discovered by his chauffeur and police said there were no suspicious circumstances surrounding the death. He was 51.

Sir Trevor was one of a group of people investigated by the London Stock Exchange in connection with the affairs of Halliday, Simpson and Company, a Manchester stock-broking firm which was suspended in 1981 and later ceased trading. It was one of the most extensive inquiries ever carried out by the Stock Exchange.

A copy of a report prepared by the Stock Exchange was sent to the Director of Public Prosecutions last autumn. An investigation is being carried out into the affair by the City of London Police Fraud Squad.

The office of the director said yesterday that no immediate action was proposed and investigations were still continuing.

In the first of two reports on the Halliday, Simpson affair last year,

the Stock Exchange took action of unprecedented severity against the partners of the Manchester firm, charging the senior partner, Mr David Garner, with gross misconduct and suspending him from his membership for life.

Later the Stock Exchange produced another report, which named Sir Trevor Dawson and another group of individuals outside the Stock Exchange.

After initial investigations by the Stock Exchange, Sir Trevor was given leave of absence from his post as investment chief of Arbuthnot Latham, the merchant bankers. He resigned from the bank in 1981.

An inquest will be held later this month.

Sir Trevor had two homes, one at Eaton Square in London's Belgrave and the other at Pewsey, Wiltshire. He was educated at Harrow and Sandhurst and joined the Scots Guards in 1949.

He was a director of a number of companies and his main recreations were racing and shooting. He was a member of several leading London Clubs.

Consultation may delay end to water strike

BY PHILIP BASSETT, LABOUR CORRESPONDENT

REGIONAL water union leaders will press today for workers to be consulted on the findings of the inquiry into the water pay dispute before the unions agree to a settlement.

The unions have not agreed to call off the national strike by water workers while the committee of inquiry sits. The new demand for consultation could further delay an end to the strike, which is nearly four weeks old. The number of consumers without mains water is now about 75,000, and 7.6m people are being advised to boil tap water.

The committee of inquiry, under the chairmanship of Dr Tom Johnston, principal of Heriot-Watt University, Edinburgh, began examining evidence yesterday. The two other committee members are Mr Michael Bett, a board member of British Telecom, and Mr Bill Keys, joint general secretary of the print union Sogat 82.

Both employers and unions refused yesterday to disclose the evidence submitted to the inquiry. Today, they will attend the London offices of the Arbitration, Conciliation and Advisory Service (Acas) to begin giving oral evidence.

At a union meeting today, regional delegates are likely to argue for caution before rushing to an immediate acceptance of the Johnston findings. It is hoped that the committee's report will be ready by Sunday.

The delegates will point today to the fact that the employers' original offer of 7.3 per cent over 18 months had to be put to ballot.

While they accept that a new ballot would be slow and probably impracticable, they will argue strongly that no decision should be taken un-

til a recommendation has been put to membership meetings, probably on Monday if the inquiry report is produced on Sunday.

The union argument is a prime example of the case put by those opposed to secret ballots before a union could call a strike. It is pointed out that this could necessitate another ballot to call off the strike.

The employers themselves want the committee of inquiry not to be hasty but to be sure and confident in its report, as it is intended that the committee's findings should be translated into a national agreement which would be a final resolution of the dispute.

GAMING ACT 1968

A licence has been granted under the provisions of the Gaming Act 1968 for Crockford's Club 30, Curzon Street, London W1Y 7AE.

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Casio Computer Co., Ltd. Tokyo

31% ON 40,000,000 Convertible Senior Debentures 1978/1985 Adjustment of the Conversion Price By the resolution of the Board of Directors of February 2, 1983, Casio Computer Co., Ltd. makes a free distribution of shares of Common Stock to its shareholders of record on March 18, 1983, in the ratio of Frankfort am Main, in February 1983

one new share for each ten shares held. Therefore, the conversion price of the 31% Convertible Senior Debentures - 1978/1985 - will be adjusted pursuant to Section 4 of the Loan Terms effective March 21, 1983, from Yen 638.70 to Yen 671.50 for each share of Common Stock. On behalf of Casio Computer Co., Ltd. Dresdner Bank Aktiengesellschaft

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Because it always operates at optimum efficiency, the APC Turbo never drinks a drop more fuel than it needs. As a result it's up to 7½% more economical than its extremely economical predecessor, returning a more than respectable 35 mpg. (The automatic gearbox version shows an even more impressive improvement of 13½%, returning 31.4 mpg.)

And at the same time it's almost a second faster from 40-70 mph, giving even more of the exhilarating

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(Another benefit of the APC System's new flexibility is that, should the need arise, it can take low-grade fuel comfortably in its stride.)

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Official fuel consumption figures for the Saab APC Turbo with manual gearbox are as follows: Simulated Urban Cycle - 19.9 mpg (14.2L/100 km), constant 56 mph - 35.0 mpg (8.1L/100 km), constant 75 mph - 26.3 mpg (10.7L/100 km). The corresponding figures for the automatic gearbox model are as follows: 21.3 mpg (13.3L/100 km), 31.4 mpg (8.0L/100 km), 24.0 mpg (11.8L/100 km). These figures represent the following improvements on the non-APC Saab Turbo: Manual: 0.5%, 3.8% and 7.3% respectively. Automatic: 3.9%, 10.2% and 15.7% respectively. Source of performance figures: SAAB-SCANIA AB. Saab (GB) Ltd, Saab House, Redhouse Lane, Marlow, Bucks. Tel: (06284) 6977. After-sales Tel: (0604) 43643. Exports Tel: 01-409 0890.

THE PROPERTY MARKET BY MICHAEL CASSELL IN NEW YORK

Manhattan revival in prospect

THERE IS a nasty rumour going round that the Algonquin Hotel, one of New York's few remaining concessions to gracious days gone by, is ready to go the way of all ageing real estate in Manhattan.

There is no denying that the hotel, tucked away on West 44th Street just off Fifth Avenue, has seen better days, although its clientele will have nothing of it and shudder to think what former guests like Noel Coward and Dorothy Parker would say about any possible redevelopment.

Nothing, it seems, is sacred in New York City, where the blizzards this week have forced office workers to climb into clothes more appropriate to the ski-slopes of Aspen than the Avenue of the Americas, eyes remain firmly fixed on slippery sidewalks rather than on the ever-changing skyline.

The fate of the Algonquin is not, it must be admitted, a current pre-occupation of the local real estate market which has more important things on its mind, such as the future of the controversial Citicorp site at Third Avenue and 53rd, abandoned at no small cost by Cadillac Fairview when the group hit hard times.

Indication

That was in October and the fate of the site, in a good loca-

tion but not involving the tidiest of real estate packages, has been eagerly awaited in order to provide an indication of the health of the local real estate market. Cadillac paid \$105m (£88m) for the site and forfeited its \$21m down payment when it walked away; there was talk that no-one would step in and pay even the \$84m which Cadillac was to borrow from Citicorp to complete the purchase.

It now transpires that no fewer than four bids at the \$84m mark have been received and a decision on the new owner is thought to be no more than a few days away.

But it will not require a successful deal on Third Avenue to prove that the Manhattan market is about to put a recent flat patch behind it. There are numerous signs to suggest that the oversupply of space and stagnating — even declining — rents, which have characterised the market for the last year or so, will soon be replaced by an upswing in demand and a resumption of rental growth.

The recent strength of the New York financial markets and the City's growing international status as a financial services centre (Eurodollar business alone is expected to create up to 5,000 new jobs) provides an inherent strength which can expect an additional boost if the most recent indicators herald a genuine economic recovery.

In the lettings market, the

vacancy rate in mid-town has been running at around 4 per cent with top rents on Park Avenue still hitting \$65-\$70 a sq ft but more typically running between \$50-\$55 a sq ft. Downtown, where take-up has averaged around 2.5m sq ft a year compared with around 3.5m sq ft or more in mid-town, rents have been around the \$34-\$40 mark.

Simon Milde of Jones Lang Wootton accepts that there is a fair amount of space in the pipeline but emphasises that much of it is pre-leased and that it will not take much of an upsurge in tenant demand, already apparent, to take care of available stock.

No explosion

"We are not going to see another rental explosion but the market is strengthening and pressure is increasing on the available space. The third quarter will see rents begin to rise again, although the increases will be more gradual." Opportunities for new building, he says, will be strictly limited this time round and efforts will be concentrated on refurbishment and on schemes made possible by site assembly.

As for the investment market, the increasingly influential institutions are revising their interest in real estate. Richard Ellis, in a report out this week, attributes the revival to declining money market rates, com-

bined with increased yields from real estate. In New York, prime, rack-rented yields are running at 9-11 per cent, although the problem is going to be finding available deals.

Some people believe that the time for picking up bargains has almost passed. Wendy Luscombe, who heads up Pan American Properties—the U.S. arm of the National Coal Board pension fund—says that the right time to buy was the last few months of 1982, although there may be a few good deals around for those who can take quick decisions. Competition for whatever becomes available is certain to be increasingly tough, with the likes of the Prudential Corporation—a seller last year—earmarking large sums of money for property investment in 1983.

As in the UK, the institutions have become increasingly keen on equity participation rather than the mere provision of funding, so the traditional developers can expect to take on more joint ventures if they wish to maintain their share of the action.

One man with a fair share of the New York action is Howard Ronson, who left an unfriendly UK behind him and in four years has carved out a name for himself as an active downtown developer. He likes to think his group—HRO International—stands for Highest Rents Obtainable. A year from now they should be higher still.

'Home run' for Trump Tower

THIS WEEK saw the partial opening of Trump Tower on Fifth Avenue, the \$150m landmark heralded (by the developers) as "the world's most talked about building" and recognised as one of the most exciting schemes to materialise recently in midtown.

The Tower, put up in a joint venture between local developer Donald Trump and Equitable Life Assurance, is setting new trends and breaking rental records.

The scheme offers 68 floors of residential, retail and office space on the site of the old Bonwit Teller department store and the shopping space is grouped around a six-level atrium. Most of it has already been accounted for — Asprey of London is a tenant — and rents have hit \$200 a sq ft, the highest achieved in the United States.

The atrium is clad in Italian marble — personally picked by Mr Trump — and anyone interested in an apartment had better hurry up. About 85 per cent of the space is sold, with purchasers apparently undeterred by asking prices which start at around \$1m.

Ben Holloway, executive vice-president of real estate at Equitable Life, calls it "a home run hit" and says that the scheme has helped complete the restoration of Fifth Avenue as the city's premier shopping street.

Reichman near new Amex deal

PAUL REICHMAN, one of the three billionaire brothers who own and run Olympia and York Developments, has an unnerving habit of including the group's 1m sq ft office projects among the "smaller" schemes it now has under way.

His dismissive approach is not, however, borne out of a brashness which seems common enough in the North American real estate business, but is more a reflection of the sheer scale of Olympia and York's development activities.

Mr Reichman, indeed, appears the very antithesis of the American real estate operator: a private man in a private company who, with brothers Albert and Ralph, crossed the border from Canada in 1976 and started taking on the Americans at their own game.

The same journey south across the border has proved disastrous for some Canadian property groups but Olympia and York, though it might find itself temporarily stretched, shows no signs of retreating.

The group, now estimated to hold assets worth \$12bn, has a \$2bn development programme under way in cities across the U.S. \$1bn of which is tied up in the World Financial Centre being developed in downtown Manhattan.

Small wonder then that Mr Reichman finds it hard to remember all the details — such as the year of acquisition — of English Property Corporation,

the London-based company it acquired for \$58m in 1979 in order to get its hands on a stake in Trizec, the Canadian property group.

EPC, which remains a public company, courtesy of its convertible loan stock holders, has property assets of around \$300m.

Mr Reichman puts his UK interests into perspective by pointing out that his 12 New York buildings have a current market value eight times higher than his 300 properties on the other side of the Atlantic.

EPC, he says, is currently tidying up its portfolio and he is happy with the group's performance, particularly in respect of the London properties. He does not, however, dismiss the possibility of a sell-out "given the right circumstances."

His heart is clearly in New York while the group may be engaged in the odd 1m sq ft refurbishment on Park Avenue, it is to the World Financial Centre that the conversation inevitably turns.

The plan is to develop 8m sq ft (8m sq ft net) of office space on reclaimed land in the shadow of the World Trade Centre and Mr Reichman says that, with work yet to start, nearly half the space is already spoken for.

Olympia and York is now in the very final stages of negotiating a well-publicised deal, worth over \$2bn, in which American Express would take more than 2m sq ft of floor-

space on a 35-year, fixed rent. In return, the Canadian group would be buying the existing Amex headquarters for \$240m.

Now, it seems, a fresh agreement has been reached — which suits both sides better. American Express has decided that immediate ownership represents a better deal and that the savings on tax savings arising out of purchase will pay for the building in 12 years. Olympia and York gets the cash and secures a triple "A" occupier.

Mr Reichman will not be drawn on the sums involved but it is thought that American Express will part with a sum approaching \$500m and will also bear the finance costs involved. The existing Amex headquarters are likely to cost the Canadians something less than one third of that figure and anything up to \$80m less than the original \$240m sale price agreed.

Olympia and York has guaranteed to develop half the project by 1987 and the remainder by 1991. There are "active negotiations" underway for the balance of the space.

Paul Reichman says that the complex will offer a quality never before seen in New York and emphasises that he will be spending \$100m on the open, mezzanine spaces alone. He is aware that many people have suggested that even New York could not accommodate a scheme of such dimensions but he believes that he has already proved them wrong.

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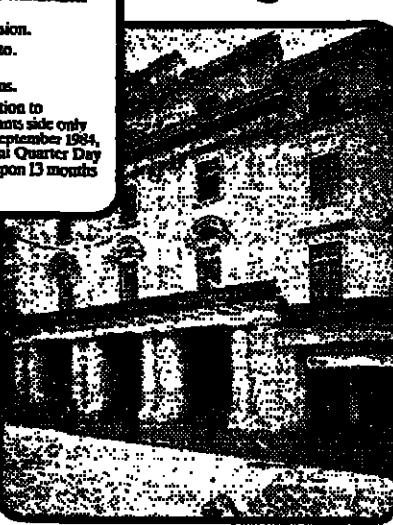
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TECHNOLOGY

EDITED BY ALAN CANE

TRAVEL AGENTS ASSOCIATION NEAR TO LAUNCH OF NEW BOOKING SYSTEM

Modulas: just the ticket for ABTA

BY ELAINE WILLIAMS

IN APRIL the Association of British Travel Agents (ABTA) launches its much delayed Modulas computer system aimed at automating travel agents' booking systems. Modulas was first announced last year but its introduction was put in doubt when Cairn, the Canadian tour company which had developed the system, went into liquidation.

Though attempts were made to save Cairn, the Canadian tour company which was working with ABTA to adapt the Canadian system for the UK market, negotiations with the Canadian liquidator were unsuccessful.

As a result ABTA set up a new development company called Tourism Technology. This is 25 per cent owned by ABTA, 50 per cent owned by Future Technology Systems, the hardware supplier for the system and 25 per cent owned by a grouping of travel agents called TACIT. This stands for Travel Agents Company for Investment in Technology.

Mr David Hoare, acting managing director of Tourism Technology, commented: "The travel agents' involvement is interesting because it provides the best endorsement for the product we could have. Here are 20 or so people who are actually prepared not only to buy the system but also to put their own money forward to develop this system."

Total development costs for the Modulas system will be in the region of £800,000 of which ABTA has contributed about £250,000. ABTA chose Future Technology Systems as the hardware supplier. The system will be based on the company's Series 98 range of 16 bit microcomputers.

The simplest model in the range will be the Series 1000 which will allow access to the existing viewdata information and booking services run by some of the major tour operators including Thomson, Thomas Cook, and Olympic Holidays. It is also a word processor.

More sophisticated models allow the travel agent to carry out accounting, administration and reservation. These can print tickets, vouchers, invoices, statements, full accounting to profit and loss and balance sheet. The price ranges from £5,950 for the simplest system

to more than £25,000 for the most sophisticated version of Modulas.

ABTA hopes that the system will be of benefit to all 4,500 travel agents including the 2,000 which are small.

Travel agents, however, are already major users of Prestel, British Telecom's viewdata system to obtain up-to-date information about last minute cut price holiday bargains, air traffic problems and the like.

For years major tour operators have had computer reservation systems but it is only recently that they have allowed tour operators to link directly into their systems to book holiday packages.

Thomson
Thomson Holidays, Britain's biggest tour operator, went nationwide with its private computerised booking system for travel agents based on Prestel technology last October. Mr Colin Palmer, Thomson's commercial director, said that 3,000 travel agents were now linked to its TOP computer system. He added that about half its business was now being booked through the system.

The move into direct booking by travel agents was prompted by the fact that 95 per cent of its £200m UK business is through agents. Thomson carries 1m passengers a year and has an estimated 20 per cent of the market.

For Thomson the system increases staff productivity and helps cope with booking peaks. For example when the holiday seasons change as much as 10 per cent of total holiday packages can be booked on the first day of the new brochure is released.

For the travel agents the benefit comes in easier access to booking, instant confirmation of a holiday and better information about the availability of hotels and flights. The customer has the satisfaction of knowing exactly what he has booked and the alternatives which are available without any delay.

Thomson's entry into computerised booking is seen by Olympic Holidays as putting the seal of approval on viewdata based systems which allow travel agents access to tour operators' own computerised reservation systems.

Olympic Holidays, which



About 3000 travel agents up and down the country are now linked to Thomson Holidays' central computer-based reservation system through a national videotex network. The videotex system, called TOP (Thompson Open-line Programme), is believed to be the largest such private network in Europe

specialises in Greek package tours, pioneered the use of private viewdata when it introduced its Sparta system in 1980. About 20 per cent of its business now comes over the Sparta network.

Recently, Olympic set up a new subsidiary called Sparta Viewdata, with the idea of capitalising on the company's software expertise in private viewdata and computer systems. Mr Basil Mansell, Olympic's managing director said that the first products from the new company would probably be available by the end of the year.

He stressed, however, that the main use of technology was to make his own business more competitive and efficient. Once this was achieved he would be happy to sell that knowledge to other organisations in the leisure industry.

Mr David Hardman, the consultant who is continually improving the Sparta system

said that there was still a long way to go in automating travel agents even though about 4,000 viewdata terminals were installed at 3,500 locations.

Mr Hardman feels that the scope to make the access and use of viewdata based reservations cheaper. "Telephone calls are a big item of expenditure for the travel agent. With computer communication there is the chance to reduce cost unlike voice communications," he said.

The Sparta system is run on two DEC PDP11/70 computers and Mr Hardman and the Olympus development team have added a facility which allows them to monitor how agents are using the system and

the common mistakes they make. Armed with this information, Mr Hardman hopes to make Sparta simpler to operate so that agents do not become too confused when new facilities are added.

"With the public's increasing trend towards late booking of holidays and the general uncertainty about the holiday business, tour companies and travel agents realise that they must become more responsive to customers' needs."

Olympic sees technology as playing a large part in achieving this. Mr Mansell said that it will be possible eventually to generate tickets and invoices directly over the network saving postal delays.

SMALL COMPUTERS

NCR joins the personal stakes

BY ALAN CANE

NCR, the U.S.-based manufacturer of computers and office equipment, has joined the ranks of electronics majors offering a professional personal computer.

This is a compact, low priced and self-contained machine giving the business executive computer power on his desk. Apple, Commodore and Tandy have traditionally led this market but the entry of IBM with its Personal Computer two years ago in the U.S. and last month in Europe has opened the field dramatically.

Digital Equipment and Hewlett Packard are among the major companies which have introduced personal machines, while Tandy, Commodore and Apple are offering improved versions of their original offerings.

The NCR machine follows the now-traditional pattern; flat, ergonomically designed keyboard, processor, screen and floppy disk drives in one unit, separate hard copy printer.

Called the Decision Mate V, the machine is offered in 8-bit, 8 and 16-bit and 32-bit formats.

It runs the most popular small machine operating systems CP/M 80, CP/M 86 and MS-DOS giving the user access to the hundreds of programs written to run on these operating systems.

NCR has also developed a system of networking for their small machines that enables a number of computers to share mass storage systems, printers and so on.

Central to the networking system is an electronic file called MODUS. The Decision Mate V eight-bit machine costs from £1,825; the dual processor 8/16-bit machine costs from £2,175. The MODUS device costs around £7,000 and each additional unit attached to the network will cost about £200.

The Decision Mate V is the first of NCR's computer products to be wholly designed and manufactured in Europe.

It will be sold in two ways. Through NCR's conventional salesforce to large corporate customers and through a new and independent marketing division that is being established.

More from NCR on 01-888 8244.

WEIGHING AND PACKAGING

That takes the biscuit

THE FOOD industry's need for ever more accurate weighing and packaging equipment has led PCL, the United Biscuits computer systems subsidiary, to develop what it calls a new low-cost "micro manager."

The system, already proved in United Biscuits' own plants, is being offered to other companies anxious to comply with EEC regulations regarding weights of packaged foods, as well as to streamline the most labour-intensive parts of their operations.

Based on the recently introduced DEC Falcon SBC 11/21 computer, it can be linked to

four checkweighers or weighing instruments to provide accurate control throughout the production and packaging line.

A high speed/high resolution analog to digital converter also allows up to eight other signals to be captured from sensors on a production line, indicating temperature, humidity, speed, colour and other conditions.

A feature of the system, running at United Biscuits, Harlesden, North West London, is that goods are very briefly halted on the production line in order to be weighed. PCL claims accuracies of about one tenth of a gram.

Memory

Controller for all Winchester

MEDL Distribution at Wembley in Middlesex now have the Intel 82062 controller for interfacing microprocessor systems to Winchester disks.

This device translates parallel data from the microprocessor to a 5 Mbit/sec MFM-encoded serial bit stream. It also provides all the drive logic and control systems. The controller can work with many of the popular Winchester disk interfaces. More information can be obtained from MEDL on 01 904 5303.

Monitoring

Computer for down the mines

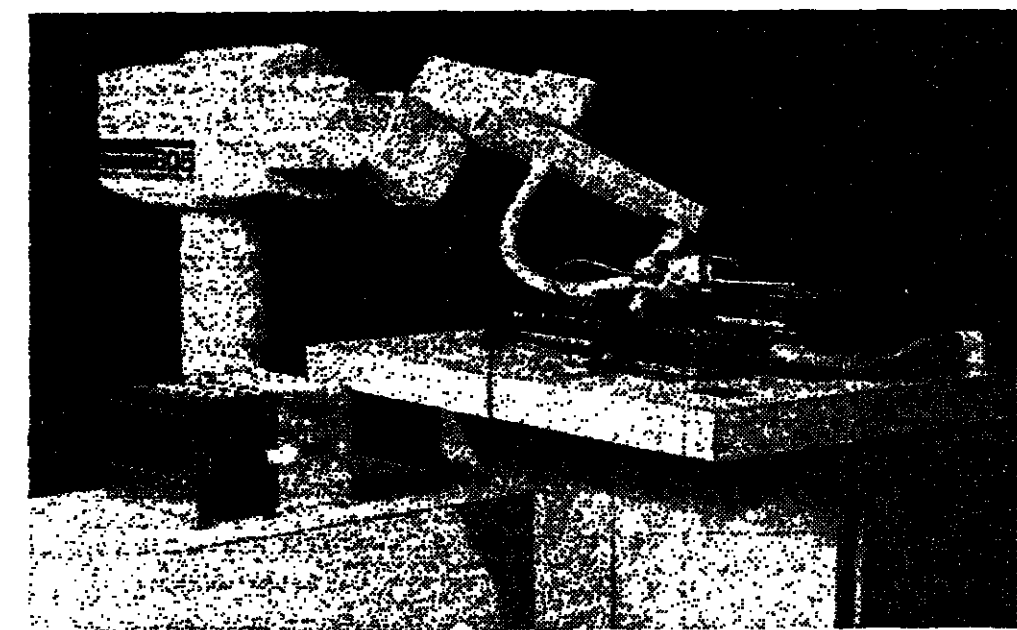
KRATOS Computer Systems has introduced the KMC 8000 computer for hazardous area monitoring and control applications. Designed initially for the mining industry, the system is based on a 16 bit microprocessor and is designed to intrinsically safe standards.

The system is capable of running high level languages such as Fortran, Pascal, PL/M and Basic. It is intended for stand alone and distributed applications. More information is available on 0785 612131.

AUTOMATED TEST EQUIPMENT

Zehntel plans to network the electronic production line

BY GEOFFREY CHARLISH



Robotic Board Handling System RBHS can be operated with both Series 300 and Series 800 ATEs. Here, it is working with a Zehntel 310

IN THE next two years auto-test company Zehntel plans to introduce some eight products to enable TIN systems (test information networks) to be implemented.

TIN products will allow an electronics production line to be automated progressively, with the necessary components such as testers, repair stations and handling equipment connected up by means of a local area network (LAN). The company has decided however, not to develop its own LAN but to employ Ethernet approaches.

The first two of the products are known as the Series 700 paperless repair system and the series 600 robotic board handling system.

One of the difficulties in handling large numbers of printed circuit boards on the shop floor is the need for identifying paper to travel with them. Using the 700 system, each board is given a code using a bar code label.

Test and failure data are transmitted from the tester via the Ethernet link to a control module for storage. From this "electronic filing cabinet" the data can be recalled by simply passing the bar code reader over the board's label.

At the repair station failure data appears on a colour or monochrome screen, in a user-friendly format. Once the board is repaired the action taken can

be entered into the central file from the keyboard.

The unit can handle input from several of the company's model 810 in-circuit test systems and will support up to 16 re-work terminals. Data stored in the control module can be accessed within seconds from any repair terminal.

The robotics handling system is based on an Intellex model 605 six axis unit that can handle a 3 lb payload and has a placing accuracy of 0.001 in. It can locate the board to be tested using a charge coupled device camera and then pick it up for placing on to the ATE's "bed of nails" test fixture. Testing then starts automatically.

Finally the robot consigns the board to the "pass" or "fail" bins in response to signals from the tester.

Transducer study

THE MARKET for electronic pressure transducers and transmitters is likely to grow by 19.8 per cent annually over the next five years, according to a new report from the U.S.-based market consultancy Venture Development Corporation.

It says: "As a result the anticipated \$70m-worth of shipments in 1986 will be nearly 2.5 times larger than

the \$28m level achieved in 1981."

Shipments of strain gauge pressure transducers and transmitters will grow at 23.1 per cent a year, the study says. The study, The Pressure Transducer and Transmitter Industry: A Strategic Analysis, is available from Venture Development on area code (617) 237 5080.

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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ

Currency fluctuations

The corporate dilemmas precipitated by erratic exchange rates

BY JEREMY STONE

WHEN the collapse of sterling on the foreign exchanges began to look permanent early in the new year, the immediate response of any City analyst was to re-run his calculations of exporters' profitability.

Just from sterling's fall against the D-mark, it looked to some people in the City, for example, as if ICI—one of Britain's largest exporters, stood to be £130m better off by the end of the year.

ICI, however, is not convinced. "Everybody thinks that there is some simple mathematical relationship between the exchange rate and profits but it's not so straightforward," says John Crowe, ICI's treasurer.

This caution affects any company which is heavily involved in exporting—or importing. There is a cluster of uncertainties: What will foreign competitors do in home and overseas markets? What will happen to key raw material prices? What will happen to major currencies apart from sterling? How should companies respond to sudden changes? The realignment of currencies, and the very erratic way in which this has taken place, means that day to day currency management in particular has become a great deal more difficult. Pricing conditions in competitive markets will be extremely critical as exchange rate shifts are absorbed in the next few months. And finance directors may need to juggle the currencies in which their assets are financed, affecting balance sheets for years ahead.

A lower value for sterling may be broadly good for companies, raising profit margins and—some—sales. But the way the devaluation has been achieved, in a crazy zig-zag currency markets, is simply a headache.

"We used to worry about the volatility of exchange rates, but now it has grown geometrically, it is no longer worth getting involved," says Archie Donaldson, ICI's deputy treasurer who manages the group's foreign exchange exposure. Bob Carlton Porter, at Hoechst UK, takes a

UNIVERSAL GRAVITATION (pic) is a semi-fictional engineering company based in the Birmingham area. It is an international supplier of flywheels to the perpetual motion industry.

"The thing we most want in a mature industry like this is a very stable exchange rate," explains UG's finance director, Isaac Newton. "But since we cannot have a stable pound, we decided many months ago that our overseas companies should invoice in local currencies." This makes it easier to price consistently in foreign markets even when the exchange rates with sterling move.

"We would also like to bill our overseas customers to whom we export from the UK in hard currency—like the D-mark—but this does not always work; only last week our biggest German customer, Deutschespendulum, came back to us after five years of D-mark invoicing and demanded to be billed in sterling. They know a weak currency when they see one."

similar view: "We're all having to learn a new rule-book."

His approach is to aim for "equalisation of the exchange rate effects on payables and receivables." At present this may mean covering transactions more than normally. "But one way not to cope is to try to match the market at every point."

It also makes a lot of difference whether you are buying or selling. The dollar is the main focus of uncertainty. Importers from the U.S. are sitting, waiting "for some sense to return" and with it a better sterling/dollar rate of exchange. For exporters it is quite the other way about: people with dollar receivables have been selling the dollar heavily forward, trying to get a better yield from the whole transaction by "locking in" to its current value.

Ken Gardener, Dunlop's finance director, keeps a con-

Swings and roundabouts in D-Mark invoicing

Newton is prepared to put up with this treatment: "I want to be supplying Pendulum in 20 years. You can't take your customers for a ride on a currency."

"When the competition is going to quote in D-marks, we can get away with it too. We did a marvelous business to quote for a Guatemalan contract in D-marks at DM 420 to the pound, when we thought it was going to DM 3.60. That was nine months ago, and we have been lucky (it has recently been in the DM 3.70 region); it does happen sometimes."

"We've had to become very vigilant in our handling of currency transactions. I have a very alert treasurer keeping an eye on rates minute by

minute, to pounce on the right moment to deal. You need to be patient though; generally, rates come down as fast as they have gone up.

"There isn't any currency translation problem in UG. All the overseas companies borrow in local currency. But we keep a tight central grip on them; their cash books are inspected here every week."

"Just recently we have been toying with the idea of switching some of our sterling bank debt into D-mark loans, for the first time. The interest rate differential of 4 or 5 per cent is very tempting, looking at it right now. For us to lose out sterling would have to drop below DM 3.60 and stay there."

"We will have to be terribly careful about going into this sort of thing; everybody remembers that it was multi-currency borrowing plus a sliding pound which scuppered J. Lyons."

"And I'd rather you didn't tell our UK bankers about all this."

foreign assets and predominantly UK debt is sound strategy. In real terms, such a balance sheet should gradually degenerate itself, as the assets currencies appreciate and the pound shrivels.

Unfortunately for Dunlop, it has been wrestling for the past five years to finance a whole-scale rationalisation of its chronically loss-making tyre operations in the UK and Western Europe (largely by selling off Far Eastern holding). This cash outflow has been ripping into Dunlop's equity faster—for the most part—than the exchange rates could move to rebuild it.

The same arguments apply to the other side of the coin, when it comes to financing new overseas investment. Consolidated Goldfields, which wanted to invest in the U.S., raised £180m in a rights issue just over two years ago. Goldfields immediately swung the whole

lot into U.S. dollars at a rate of about \$2.4150.

Goldfields' finance director, Antony Hitchens, says: "The rate was luck, of course, but not the choice to shift into dollars at that time."

Having taken the decision to invest heavily in the U.S.—where it has accumulated about 25 per cent of the shares in Newmont Mining—Goldfields was fortunately able, in sterling's period as a high-flying petro-currency, to shift some \$300m into the U.S. at rates above \$2.

For Hitchens the decision about which currency to borrow is fairly clear cut. "For years—except perhaps in 1980 and 1981—sterling was definitely a good currency to borrow in, as it was drifting downwards in the long run."

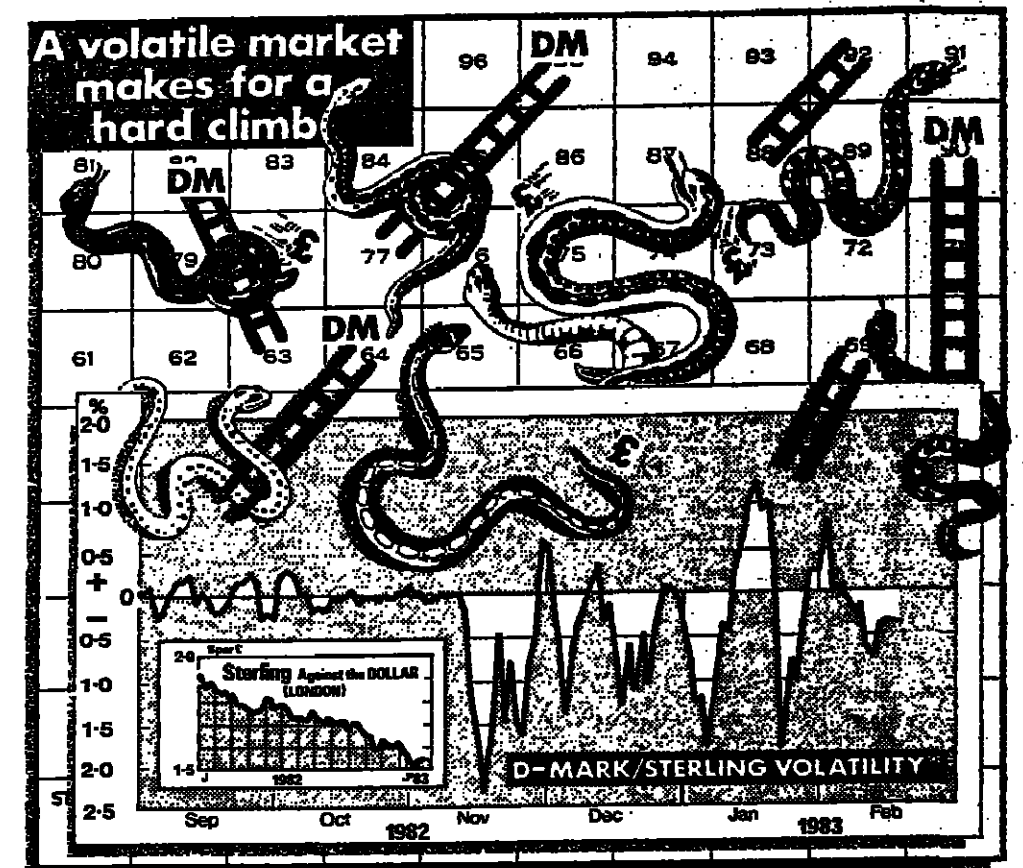
Once sterling dropped under about \$1.60, however, the tactics had to be changed. Last September, when Goldfields was adding to its stake in Newmont, it made sense for Hitchens to borrow sterling with which to buy the necessary dollars.

Then came the slide. When Newmont placed 2m new shares at the end of January, Goldfields decided that the funds needed to maintain its percentage stake should be borrowed in dollars, at rates in the vicinity of \$1.50, dollars seemed too expensive to buy.

Even now, he would be happy to have U.S. assets matched by UK borrowing over the next few years, given his view that the U.S. is the right place to invest and its currency is not fundamentally weak against sterling.

"There is nothing magic about matching assets and liabilities in currency terms. It's much more important to take a long term view about the currency risk over a long period."

Dunlop's Gardener agrees: "The main thing is that the long term economic trends will be the ones that prevail. Comparative inflation rates bear their effect. You know, Adam Smith comes roaring back in the end."



Percentage variation of spot price against its five-day trend

ICI: no simple re-calculation

THE EFFECT of City analysts re-calculating ICI's profits at the beginning of the year was that its share price began to move, particularly after the shares were re-denominated by the giant U.S. broking firm Merrill Lynch.

However, the profits-formula gets the shorter shrift from John Crowe. "If you say to me, what figure is it really—how many £m per cent?—I just don't know."

"It will make a difference, but the figures that are being discussed look far too high."

If there were a simple arithmetic relationship, it would rest on the assumption that nothing changed except the exchange rate.

Yet a great deal depends on the reactions of ICI's competitors in different markets. Even in the UK market, says Crowe, "it doesn't follow that you can put up your prices by the percentage fall in sterling."

less eagerness to sell into the UK market just for the contribution to overheads," which can come from extra volume; the fall of sterling, relative to the dollar, and D-mark, has snatched this "contribution" away.

Crowe explains the reasoning behind such sales: "There is a great temptation to produce as long as you can recover the cost of raw materials and energy, because something like half of total costs are fixed—at least in a three month time scale."

Much the same applies in ICI's Continental markets, where huge overcapacity makes it hard for any producer of commodity chemicals to raise prices, while any signs of more aggressive exporting to West Germany would be likely to draw punitive price cuts from the likes of Bayer, Hoechst and BASF, none of which would want to yield market share on an ephemeral upset in exchange rates.

Similarly, "it would be crazy for us to have dismantled our export operations just because the pound was so strong in 1980

and 1981," says Crowe. One factor overhauling the foreign exchange issue from the chemical industry's point of view is a dollar-dominated oil price. To the extent that the dollar Deutsche Mark rate weakens, cheaper feedstocks in West Germany could erode the exporting advantage to ICI of a lower parity for sterling. This effect would be accentuated if sterling remained weak against the dollar, raising the effective price of feedstocks in the UK. If the oil price were to collapse, the impact of currency movements on relative costs in the two countries would be negligible.

Industry-wide surpluses of production capacity, even after drastic pruning, set a pattern which may generally keep the lid on prices, and margins, in the UK. Indications of the confidence to raise prices are patchy, and the excess capacity throughout Europe—in sectors ranging from white goods to car tyres—could make it hard for UK producers to raise their prices to retain market share.

NOTICE OF REDEMPTION To the Holders of

Government of New Zealand

Twenty Year 6½% Bonds due March 15, 1986

NOTICE IS HEREBY GIVEN that, pursuant to the provisions of the Bonds of the above-described issue, Morgan Guaranty Trust Company of New York, as Fiscal Agent, has drawn by lot for redemption on March 15, 1983 at 100% of the principal amount thereof through operation of the Sinking Fund, \$803,000 principal amount of said Twenty Year 6½% Bonds due March 15, 1986 bearing the following distinctive numbers:

OUTSTANDING COUPON BONDS OF \$1,000 EACH BEARING NUMBERS ENDING IN ANY OF THE FOLLOWING TWO DIGITS:

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99

ALSO COUPON BONDS OF \$1,000 EACH BEARING THE FOLLOWING NUMBERS:

01 02 03 04 05 06 07 08 09 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30 31 32 33 34 35 36 37 38 39 40 41 42 43 44 45 46 47 48 49 50 51 52 53 54 55 56 57 58 59 60 61 62 63 64 65 66 67 68 69 70 71 72 73 74 75 76 77 78 79 80 81 82 83 84 85 86 87 88 89 90 91 92 93 94 95 96 97 98 99

FULLY REGISTERED BONDS WITHOUT COUPONS

Number	Principal Amount to be Redeemed
0156	\$100,000
0157	\$100,000
0158	\$100,000
0159	\$100,000
0160	\$100,000
0161	\$100,000
0162	\$100,000
0163	\$100,000
0164	\$100,000
0165	\$100,000
0166	\$100,000
0167	\$100,000
0168	\$100,000
0169	\$100,000
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0193	\$100,000
0194	\$100,000
0195	\$100,000
0196	\$100,000
0197	\$100,000
0198	\$100,000
0199	\$100,000

On March 15, 1983, the Bonds, or portions thereof, designated above will become due and payable as the principal amount thereof in such coin or currency of the United States of America as is legal tender for the payment thereof of public and private debts, and will be paid upon surrender thereof at the corporate trust office of Morgan Guaranty Trust Company of New York, 30 West Broadway, New York, New York 10015, or at the option of the bearer or registered holder but subject to any laws and regulations applicable thereto in the country of any of the following offices, at the offices of Morgan Guaranty Trust Company of New York in Antwerp, Brussels, Frankfurt, London or Paris, or at the office of Baring Brothers & Co., Limited in London.

Coupon Bonds surrendered for redemption should have attached all unexpired coupons appurtenant thereto. Coupons due March 15, 1983 should be detached and collected in the usual manner.

Upon surrender of a fully registered Bond for partial redemption, there will be issued a new coupon Bond or Bonds or fully registered Bond or Bonds for the unredeemed portion of such fully registered Bond surrendered.

From and after March 15, 1983 interest shall cease to accrue on the Bonds, or portions thereof, herein designated for redemption.

GOVERNMENT OF NEW ZEALAND

NOTICE

The following Bonds previously called for redemption have not as yet been presented for payment:

1752 2477 2788 4198 5779 5992 7788 8398 8275 13482

2277 2477 4198 5779 5992 7788 8398 8275 13482

EDUCATIONAL

FRENCH 66

Teaching staff presence from 8 a.m. to 10 p.m. a 66 hours per week (study and practice). Specializing in French. CERAN teaches French exclusively. Residential courses in the Ardennes. Group, private and individual lessons. Week and week-end courses. Business seminar. Holiday courses for your children.

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THE ARTS

Opera and Ballet

VIENNA

Staatstheater (5324/2655): Arabella, Madame Butterfly, Der Barbier von Sevilla.
Volkstheater (5324/2657): The Merry Wives of Windsor, Der Freischütz.
Kammerspieler (578626): Die Gräfin Mariza (Daily except Mon).

HOLLAND

Nederlands Opera and Dutch National Ballet in Richard Strauss's Arabella at the Amsterdam Stadschouwburg. National Ballet is giving the first performance of new works by Rudi van Dantzig and Toer van Schayk. Amsterdam Stadschouwburg (Thur).

LONDON

Royal Opera, Covent Garden: Carmen, interestingly revived with Agnes Baltsa and José Carreras, marks Colin Davis' first Royal Opera (though not first London) encounter with Bizet. The substitute latest showing of Tosca, with Giacomo Aragall replacing the errant Luciano Pavarotti, continues in repertoire.
English National Opera, Coliseum: Boris Godunov, an evening of authentic Musorgsky not best served by Edgar Howard's lax conducting or Colin Graham's dull production shows Aage Haugland's titular hero in the early part of the week, and John Tomlinson's in the later. Further performances of the grotesque new Queen of Spades, of Il Trovatore with Rita Hunter, Della Jones, Britain's most accomplished Rossini mezzo, returns as the heroine of his Cinderella.
New Sadler's Wells Opera, Rosbury Avenue: all three operas of this brave new company's first season are on show this week - La Bohème, even Count of Luxembourg, a fresh and lively Mikado, and Kálmán's little-known (in Britain, anyhow) Countess Mariza.
Royal Opera House, Covent Garden: The Royal Ballet offers an Ashton triple bill on Wednesday.

WEST GERMANY

Berlin: Deutsche Oper: Lohengrin with Peter Lorenz and Gerd Bruns. Der Troubadour, conducted by Herbert von Karajan, has an Italian cast. Die Entführung aus dem Serail features Costanza Cecere and Rüdiger Wöhrer. Der Widerspitz is fine interpretations by Helga Wismarska and Barry McDaniel (34381).
Hamburg Staatsoper: Rossini's Semiramide, in a concert version, is directed by Michel Plasson with Montserrat Caballé in the title role and Francisco Araiza as Ismael. Also Der Fliegende Holländer with Franz Ferdinand Nentwig in the title role. Der Liebestrank, a Jean-Pierre Ponnelle production, brings together Sonia Chantavri and Giuseppe Taddei. Fidele with Renner Goldberger as Florestan and Lisbeth Balas as Leonore is of respectable standard. (35151).
Frankfurt Oper: Junc Card triumphs in the part of Ismael in La Bohème. Die Schöne Magarethe, Tusch has Celestina Casapietra in the title role. Der Türke in Italien is a fresh and delightful revival. Elektra has Pauline Hingley in the title role. (35221).

Cologne Oper: Die Meistersinger von Nürnberg has Rene Kollo as Stanzing and Theo Adam as Sachs. Also this week Der Barbier von Sevilla and The Magic Flute. Also Der Fliegende Holländer with Franz Ferdinand Nentwig in the title role. Der Liebestrank, a Jean-Pierre Ponnelle production, brings together Sonia Chantavri and Giuseppe Taddei. Fidele with Renner Goldberger as Florestan and Lisbeth Balas as Leonore is of respectable standard. (35151).

Stuttgart Württembergisches Staatstheater: Jean-Pierre Ponnelle's Wagner Cycle this week reaches Götterdämmerung at the Casino. Also Der Fliegende Holländer and Manfred Jung, Lambert Gardelli conducts Der Troubadour. Die Lustigen Weiber von Windsor rounds off the programme. (35221).

Karlsruhe Bayerisches Staatstheater: Die Fledermaus, produced by Otto Schenk with Lucia Popp in the leading role. Die Meistersinger von Nürnberg with Lucia Popp and Kurt Möll. Tristan and Isolde with Spas Wenkoff and Ingrid Bjoner in the title roles. Il Tabarro/Giacini Schicchi with Julia Varady and Carlo Cossutta. Manon Lescaut with Raina Kabalenskaya and Giorgio Amberti completes the week. (21831).

PARIS

Prokofiev's Love of Three Oranges at the Opera Comique (256120).
Fleischmanns conducted by Rolf Weikert with Gino Quilico, Bea Costrubas, Janet Perry and Siegfried Jerusalem, and Figaro's Hochzeit conducted by Rolf Weikert with Margarete Preis and Van Dam.
Paris Opera (742575): Zauberflöte conducted by György Fischer. TNP-Châtelet (2611963).

NEW YORK

Metropolitan Opera (Opera House, Lincoln Center): The week's performances include Richard Strauss's Arabella conducted by Erich Leinsdorf, directed by Otto Schenk with Kiri Te Kanawa, Kathleen Battle and David Rendall, as well as La Bohème and the first performance of Les Contes d'Hoffmann and Un Ballo in Maschera. (880930)
New York City Ballet (New York State Theatre, Lincoln Center): The season continues with the mixed repertoire, including works by Jerome Robbins, Peter Martins and company head George Balanchine. (8703570).

WASHINGTON

Jeffrey Ballet (Opera House, Kennedy Center): The company brings a mixed repertoire to its last performance in Washington. (2543770).

CHICAGO

American Ballet Theatre (Auditorium Theatre, 70 E Congress Parkway): This stop in the national tour of Mikhail Baryshnikov's company includes most of its repertoire, among the works the full-length La Sylphide, Puck Comes to Shave, Cinderella and The Sleeping Beauty. (8222110).

ITALY

Milan, La Scala: Puccini's Turandot. Venice, La Fenice: Parsifal with Gail Gilmore and Deborah Sasson.
Florence, Teatro Comunale: The Nutcracker with Elizabeth Tarnant. Donizetti's Lucia di Lammermoor.

Arts Week

F S Su M Tu W Th
18 19 20 21 22 23 24

Music

PARIS

Orchestre National de France conducted by Sylvain Cambiague, Philippe Entremont, piano: Cherubini, Beethoven, Schubert (Wed). Theatre des Champs Elysees (7234777).
Orchestre de Paris conducted by Charles Dutoit with Elisabeth Leonskaja: Dutilleul: Metabolite. Liszt's piano concerto no 2, Stravinsky's Petroushka, 1st version (Wed, Thur). Salle Pleyel (563873).
Claude Mahaux: Beethoven, Chopin, Debussy, Liszt (Thur). Salle Gaveau (5632030).
Christian Ivaldi, piano: Haydn, Schubert, Berg (Mon). Salle Gaveau (5632030).
Barbara Hendricks, recital (Mon). Theatre de l'Athenae (7425727).
Narciso Yepes, guitar (Mon). Salle Pleyel (563873).
Academy of St Martin-in-the-Fields, Ina Brown as conductor and violin soloist: Handel, Grieg, Vivaldi, Tchaikovsky (Mon). TNP-Châtelet (2611963).
Orchestre de Paris conducted by Jacques Houtmann, Gabriel Tacchini, piano, Guy Touvron, trumpet: Haydn, Casanova, Saint-Saens (Tue). Salle Gaveau (5632030).

LONDON

English Chamber Orchestra conducted by George Mauburn with Graham Sles, bassoon, Handel, Vivaldi and Geminiani. Queen Elizabeth Hall (Mon). (263191).
London Symphony Orchestra conducted

by Riccardo Chailly with Krystian Zimerman, piano and Katia Ricciarelli, soprano. Beethoven and Wagner. Royal Festival Hall (Tue). (263191).

Academy of Ancient Music directed by Christopher Hogwood with Christophe Coin, cello. Haydn. Queen Elizabeth Hall (Tue).

Royal Philharmonic Orchestra conducted by John Lill, piano. Mozart. Rachmaninov and Tchaikovsky. Royal Festival Hall (Wed).

London Mozart Players conducted by Mark Elder with Howard Shelley, piano. Mozart. Stravinsky and Parham-Fleming-Roberts Trio: Beethoven, Rawsthorne and Dvorak. Wigmore Hall (Wed). (5398222).

Philharmonia Orchestra and Chorus conducted by Kurt Sanderling with soloists including Heather Harper and Martyn Hill. Brahms and Schubert. Royal Festival Hall (Thur).

Leipzig Gewandhaus Bach Orchestra and London Bach Society conducted by Paul Steinitz. Bach. Queen Elizabeth Hall (Thur).

NEW YORK

New York Philharmonic: (Avery Fisher Hall, Lincoln Center) Zubin Mehta conducting, Hildegarde Behrens soprano, Schubert, Schoenberg (Tue). Christoph von Dohnanyi conducting, Bella Davidovich piano. Beethoven, Schumann, Tchaikovsky. First Sea Picture (U.S. premiere), Strauss (Thur). (6742424).
Carnegie Hall: Philadelphia Orchestra, Andre Previn conducting, Vladimir Ashkenazy piano. Haydn, Brahms, Debussy (Mon). American Symphony Orchestra, Gunther Schuller conducting, Maria Kinauro piano. (Wed). Brigitte Engerer, piano recital. Chopin, Schumann, Debussy, Prokofiev (Thur). (2477459).
American Brass Quintet (Carnegie Recital Hall, 37th & 7th Ave): Paul Dunkel conducting, Barbara Martin mezzo-soprano, Bassett, Druckman, Ives, Plog, Welcher (Mon). (2477459).
William Sharp baritone recital (Y 92nd

& Lexington Av): Schubert, Loewe, Respighi, Wolf, Ives (Tue). (7592541). Susan Galick guitar recital (Merkin Hall, 67th W. of Broadway). (Wed). (3628719).

CHICAGO

Chicago Symphony (Orchestra Hall): Claudio Abbado conducting, Shlomo Mintz violin, Ray Still piano. Mozart, Berg, Prokofiev (Thur). (4358122).
Finches Zukerman violin, Eugenia Zukerman flute (Orchestra Hall): Duo recital (Tue). (4358122).

BRUSSELS

Palais des Beaux Arts: Belgian National Orchestra conducted by Henry Rodan with Igor Oistrakh, violin, Chevreuille, Tchaikovsky and Brahms (Thur).

ZURICH

Tonhalle: Toshiaki Wakasugi with James Galway, flute. Schubert, Nielsen and R. Strauss. (Tue, Wed and Thur). (2611590).

VIENNA

Musikverein (538190): Zagreb Soloists. Vivaldi, Villa-Lobos, Shostakovich, Martinu and Prokofiev (Wed).
Konsertsaal (721311): Bartok Quartet. Bartok, Schubert, Mozart (Tue).
Vienna Symphony Orchestra: Haydn, Shostakovich, Beethoven. (Thur).

WEST GERMANY

Berlin Philharmonie: London Philharmonic Orchestra, conducted by Klaus Tennstedt. Mozart and Mahler (Wed). Alfred Brendel, piano. Beethoven Cycle (Thur).

ITALY

Rome, Auditorium via della Conciliazione: Conductor Daniel Oren and violinist Igor Oistrakh. Weber, Rachmaninov and Kodaly (Sun, Mon and Tue).
Rome, Auditorium Teatro Olimpico: Gustav Leonhardt, harpsichord. Frescobaldi and Bach.

Exhibitions

HOLLAND

Diplomatic Relations between the Netherlands and the U.S. are celebrated in From New Amsterdam to New York, a collection of letters, paintings, diaries and photographs reflecting life in early New York. Amsterdam Historical Museum. Ends April 4.

ITALY

Florence, Palazzo Pitti: One hundred works from Dresden Picture Gallery. Ends March 4.
Milan: Museo Poldi Pezzoli: Zenoale and Leonardo: Traditions and changes in Lombard paintings, including Zenoale's Immaculate Conception from the Paul Getty Museum, Malibu.

NEW YORK

Metropolitan Museum of Art: Architectural drawings, furniture, photographs and even a miniature reproduction of the hundreds of objects of Frank Lloyd Wright's dusted off to accompany the permanent installation of the living room he designed for the Francis Little House. Ends Feb. 27. (5357100).

WASHINGTON

Corcoran Gallery: The latest in the Corcoran's Biennials, a tradition going back to 1907, concentrates on regional artists in the New York area with 30 living painters represented by 106 works. Ends April 3.

CHICAGO

Museum of Contemporary Art: 300 works from the superb modern Russian collection of George Costakis preserves the exuberant hopes of cubism, futurism and expressionism through the paintings and designs of Kline, Chaim, Rodchenko, and Malevich before their extinction by Stalin. Ends March 13.

LONDON

The National Portrait Gallery: Van Dyck in England - if not a masterpiece, the painting, once Holbein, certainly the most prolific and lastingly influential of our Court Painters, establishing the image of romantic, doomed Cavalier grandeur in its first time in broad daylight. (Like the never-identified "thing" in the tree opposite the hero's window - is it a bird's nest or

PARIS

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VIENNA

Kunstlerhaus: Aspects of present day art in the Soviet Union from the Ludwig collection. Ends March 6.
Museum, Leobachhaus, 23 Luisenstrasse: More than 300 paintings by the Russian artist Alexey of Jawlensky (1884-1941), and 15 works of friends and contemporaries. Ends April 17.

WEST GERMANY

Berlin Nationalgalerie, 50 Potsdamerstrasse: Development of video art in West Germany from 1963. Ends March 6.
Museum, Leobachhaus, 23 Luisenstrasse: More than 300 paintings by the Russian artist Alexey of Jawlensky (1884-1941), and 15 works of friends and contemporaries. Ends April 17.
Neueburg, Kunsthalle, 22 Lorenzstrasse: The only German venue of New American Realism, a much applauded show of paintings, water colours, drawings and sculptures from 1960 to 1980. Ends April 10.



The evil Skeksis historian in a scene from 'The Dark Crystal'

Cinema/Nigel Andrews

Bewitched and bewildered

Identification of a Woman
The Dark Crystal
The Executioner's Song
Fighting Back
A Question of Silence

An Antonioni film promises wizardry. Not the wizardry of movies like *The Dark Crystal*, where ancestral evils fight the mythic fight amid Gormenghast settings; but a trompe l'oeil of the everyday, the magic of humanity in ceaseless flux.

In *Identification of a Woman*, a film director (Thomas Milian) seeks the ideal heroine to star in—or inspire—his next movie. Two young women duly pass through his life, becoming his consecutive lovers and mistresses. One is redheaded (Daniela Silverio), with her sculpted, high-boned beauty and mysterious, courtly-like intimacy with the cabaretist rich. The other is Ida (Christine Boisson), a young actress, bohemian, plain and pretty, horse-riding, who near the film's close brings to his love the challenge of her pregnancy by an earlier lover.

Antonioni dovetails the affairs in a subtle, silvery overlap that make the whole movie a dazzling fuge between two moods, two ideals: the challenge of the homespun and heart-whole versus the lure of the champagne-unknown.

At times—especially with Mavi—the film seems a tragedy of ever fathoming the depths of other human beings; however, the lurch of the champagne-unknown across the candlelit dinner. Poetic opacity is the imagistic key—a foggy country road at night, the misted mirror of the Venice lagoon—and there is a wonderful rural black comedy in the background play of reticence and whispered secrecy; at parties, in hotel lobbies, in lamp-lit salons and on snaking stairways.

Equally, as photographed with a glassy luminosity by Carlo di Palma and paced by Antonioni with sudden ellipses that leap the boundaries of past and present, the film tells us that every human experience, however subjective or fantastical, is "real". Mirages and enigmas sit facing you in broad daylight. (Like the never-identified "thing" in the tree opposite the hero's window—is it a bird's nest or

some Sci-Fi object fallen from Heaven?) Identifying things—let alone women—is a fool's pastime. "While we talk here, defining everything," says Milian to a friend, "the world is transforming around us."

Here, as in *L'Eclisse* or *Blow-Up* or *The Passenger*, Antonioni is the cinema's great poet of wonder, wizardry and changeability as part of the warp and woof of everyday life.

A lightning swift word in your ear about a great British wizard: Nicolas Roeg. His new film *Eureka* was premiered at the National Film Theatre last Sunday and is a spellbinder. It opens in London two months hence, but you should watch your appetite now, and start limbering up your brain-cells, for a movie no less complex and thrilling than Antonioni's. Gene Hackman as a gold-rich Citizen Kane haunted by the death of passion, murder and mystery in a modern-day Aeschylean dynasty; and a film that assures into new cinematic forms before your very eyes. Dazzling.

And so with a sigh and a heigh-ho to *The Dark Crystal*, puppet worshippers come no more devout than I, but this folk loric form from Jim Henson and Frank Oz—creators of Kermit and Miss Piggy—is a fearful tragedy. Two Gelflings, who resemble Barbie dolls with pointed ears, seek to restore the "lost shard" to the eponymous crystal and thereby re-knit the sundered races of the Skeksis (bad) and the Mystics (good) under one homogeneous moral cosmos.

So far so fine. But the story straggles up around these creatures in a heinous old plod—Tolkienist whimsy elongated like mystic chewing-gum—and

the Gelfling hero and heroine are like the worst of Disney's animated milquetoast juveniles. Last and by no means leniently, cameraman Oswald Morris should be summoned to attend a Skeksis' tribunal to answer charges of under-resourced lighting. Key set-pieces—a giant astrolabe, a Skeksis banquet—are so flatly, drably lit that the decorative ingenuity of art director Brian Gussler goes for nothing. (A little smoke and chiaroscuro throughout would surely have helped pump some enchantment into the movie.) All in all, a long mystic.

The Executioner's Song is the latest instalment in the post-mortem apocrypha of executed murderer Gary Gilmore. After Norman Mailer's book, Mailer's screenplay: here directed by Lawrence Schiller, who first started the Gilmore-Mailer ball rolling when he won exclusive interview rights with the condemned man in jail, and starring Tommy Lee Jones. Jones is a magnetic field of ties, twitches, glowers and thunders.

swears atop an odyssey of a walk—bevel-tipped, arms hanging straight, tippy toe—that strikingly (and accidentally?) characterises Gilmore as a mixture of macho auto-pilot and insidious effeminacy. The movie is not as good as it could have been (with, say, Arthur Penn directing). But it's far better than it might have been, given Schiller's history of hot copy stop-at-nothingism. It ploughs on with caterpillar tracked indifference through murder and horror—only compare Capote's *In Cold Blood* which made one feel for the victims—but at least it seldom strays from the eerily credible, the tangy, the tangible, the local.

Two problem pictures from opposite ends of the world complete the week. In Michael Caulfield's *Fighting Back* the problem is hellraising teenager Tom (Paul Smith) who won't conform to Australian society. Despite this clear indication of total sanity, he is taken in hand by ever so kindly teacher John (Lewis Fitz-Gerald), and large platefuls of good-for-you liberal mush are served out to the audience.

In *A Question of Silence* from Holland, the problem is writer-director Marijke Gorriss. She tosses a surreal and Mephistophelian plot-catalyst at us—three lady shoppers beat a male store-owner to death when he spies one of them in the act of shoplifting—and then opens ever after for docu-drama realism as an inquiry is conducted into their former lives. The result is a panache-flat fable on feminism with a few interesting twinges early on.

Kent Opera spring season

A new production of Mozart's *Don Giovanni*, sponsored by Barclays Bank, opens the 1983 spring season at the Assembly Hall, Tunbridge Wells on March 10 with a second performance on March 12. This will be the first time Barclays has sponsored a Kent Opera production although it has helped the company in the past.

Don Giovanni is produced by Adrian Noble, an associate director of the Royal Shakespeare Company, who is working in opera for the first time. The conductor is Peter Robinson, assistant music director of English National Opera and the designer Bob Crowley.

Don Giovanni will be joined at Tunbridge Wells by Jonathan Miller's production of Beethoven's *Fidelio* which is sponsored by Sainsbury's (first performance on March 11).

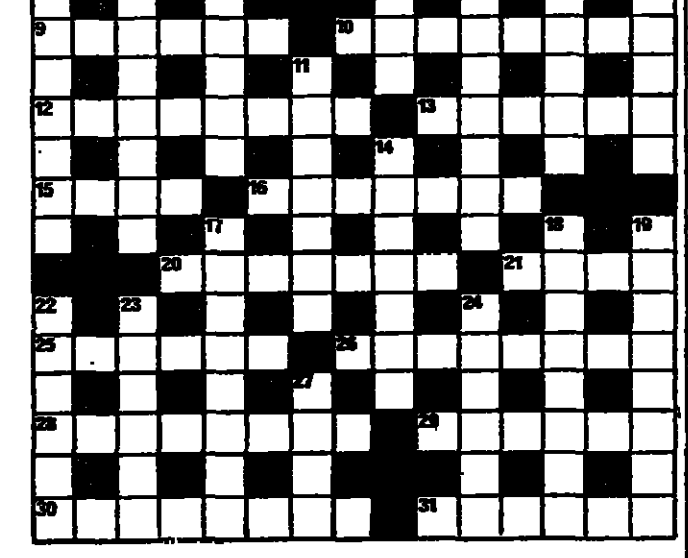
This is the second new production to benefit from Sainsbury's three-year commitment to the work of the company, the first being the successful production of Handel's *Agrippina* seen in the 1982 spring and autumn seasons.

Nicholas Hytner's production of John Gay's *The Beggar's Opera*, which was seen in the autumn season, joins *Fidelio* and *Don Giovanni* in repertoire and has its first performance at the Theatre Royal, Brighton which the company will be visiting for a third successive season (March 15-20). The company then returns to Southsea (King's Theatre, March 22-28) for an eighth season and then moves to the Theatre Royal, Norwich (March 28-April 2).

F.T. CROSSWORD PUZZLE No. 5,101

ACROSS
1 My wish is for something fancy (6)
4 Games period (8)
9 Bank employee who provides you an account? (6)
10 Ten girls gone astray, yet still of excellent character (8)
12 They have their teeth on edge (8)
13 A wool-gatherer perhaps (6)
15 Lois becomes a medium (4)
16 Small cask for fresh water—or sea-water? (7)
20 Still a variety of sausage (7)
21 Notes seating is provided (4)
25 He joins a 100 twitching and feverish (6)
26 Uniformed footmen (8)
28 Strangely, in matter of discipline he's strict (8)
29 Girl to finish in her underwear? (6)
30 Shoulder no responsibility! (5, 3)
31 Move fast after take-off (6)

DOWN
1 Battle station (8)
2 The converse of indolence (4, 4)
3 Observe the cook in hot water? (6)
5 Many may be lost (4)
6 Monkey causing some furry in the market (8)
7 It is suspended when it is very cold (6)
8 Followed in a persistent way (6)



11 It's important to one's standing as a rider (7)
14 Falling behind in providing winter insulation? (7)
17 Here's hoping I spring a surprise (8)
18 Don't give up getting the unit back in shape (8)
19 Stewing steak, say, is a simple job (4, 4)
22 He gets a zero in maths, perhaps (6)
23 He puts up the points or puts them down (6)
24 Bird often held in cage or trap perhaps (6)

27 The knot sailors avoid (4)
Solution to Puzzle No 5,100.
ACROSS
1 BATTLE STATION
2 CONVERSE
3 OBSERVE
4 GAMES PERIOD
5 MANY MAY BE LOST
6 MONKEY
7 IT IS SUSPENDED
8 FOLLOWED
9 BANK EMPLOYEE
10 TEN GIRLS
11 RIDER
12 TEETH
13 WOOL-GATHERER
15 LOIS
16 CASK
17 WINTER INSULATION
18 SHAPING
19 STEWING
20 SAUSAGE
21 SEATING
22 ZERO
23 POINTS
24 TRAP
25 SHOULDER
26 FOOTMEN
28 STRICT
29 UNDERWEAR
30 RESPONSIBILITY
31 TAKE-OFF

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Friday February 18 1983

The Fed returns to pragmatism

MR PAUL VOLCKER'S testimony to the Senate Banking Committee on Wednesday did not contain any great surprises, but it seems to have come in some quarters as a nasty shock. The Federal Reserve chairman confirmed in unusually clear words what has been evident in Fed actions for some months now: policy is now aimed to facilitate an economic recovery. The monetary variables are still measured and subject to formal targets; but after a period in which policy has proved far more deflationary than was intended, and of large structural changes in banking, they are no longer much of a discipline.

However, this policy has now encountered something of a roadblock. The Fed's aim in adopting an accommodative policy, and in enabling the banks to maintain their reserve growth without being forced to the discount window, has been to reduce interest rates; but the markets have begun to resist.

The last cut in the discount rate, the Fed's official signal rate, caused a fall rather than a rise in the bond market. After this experience, said Mr Volcker, in his one relatively unexpected admission, the Fed will be reluctant to lead rates down too far. He simply hopes that the market will bring them down as inflation declines, and as confidence grows that it will stay down.

This is not a very robust philosophy, and those who habitually look to the Fed for miracles of one sort or another have been disappointed.

Arduous

The Wall Street equity bulls, who were relying on further officially-inspired falls in interest rates, have lost a little of their ardour. The Fed's exchange markets, concluding that the Fed will not permit any rise in rates, even if it cannot engineer a fall, see less upside potential in the dollar. The monetary authorities, who expected the Fed to keep a fixed monetary banner flying in a turbulently changing world, have already denounced what they see as a retreat into fine-tuning and Carterist pragmatism.

Monetary policy has to hold a balance between domestic and foreign considerations, and the need to restrain inflation and the danger of stifling recovery, and so almost by definition it can never please everybody. The cynical, then, might conclude that since Mr Volcker has apparently pleased nobody, he must have got it about right. We would support that judgment, though for rather more complicated and positive reasons. The fact is that the Reagan Administration has faced monetary policy with two internal contradictions. The contradiction between tight monetary and lax fiscal policy has been discussed at length, and Mr Volcker showed a sound sense of proportion in saying that the 1983 deficit, in a deep recession, is relatively acceptable. The real challenge is to cut the prospective deficit for future recovery years—the "out year deficits," as the current jargon has it.

Competition

The second contradiction in Reaganomics has been rather less widely remarked, but it is this which has really forced Mr Volcker to abandon targetry: it is the simultaneous demand for tight monetary control and financial deregulation. The new competition for deposits between the banks and the various funds which allow the small investor access to the money markets has produced an explosive growth in various kinds of deposits included in the different monetary definitions. Some studies suggest that the growing growth of money, allowing these changes, has been in the 3-5 per cent range for the last two years; the tightness is explained. Pragmatism about targets, then, seems well justified; but the Fed's position in the face of the bond markets equally realistic? British experience suggests that it may not be. The combination of monetarist worries and crowding-out worries makes a strongly deflationary brew; but indexed funding, as practised in London, seems to reduce its potency. Equally, tax subsidies to borrowers help to make high interest rates tolerable at home, but thereby create grave problems abroad. It would be prudent to think that the new pragmatism embraced such radical thought.

The different views of bank profitability reflect, among other things, a lack of coordination between regulatory authorities around the world; also the failure of the accounting profession to develop, in conjunction with the regulators, a coherent approach to banking provisions. Many international banks still choose not to disclose their true profits.

Washington and the Third World

LAST WEEK'S increase in international Monetary Fund quotas will help those developing countries rich enough to get into debt. The West cannot forget those countries too poor to borrow significant sums abroad. For countries such as Bangladesh and Mali, the only dependable source of finance coupled with expertise has been the International Development Association (Ida), the soft-loan window of the World Bank. Today Ida's ability to continue its work depends largely on Washington.

The Reagan Administration has just asked Congress to find an extra \$245m for Ida. This is a small sum, equivalent to about 10 hours' military expenditure by the Pentagon. But the fate of this appropriation will have a disproportionate influence on the future flow of funds which Ida can deploy to help the 2.5bn poorest people in the world.

The 24 countries which contribute to Ida (trying to work out how much will pledge for the association's operations in the three years July 1984 to June 1988). But their deliberations over Ida's seventh replenishment are taking place under the shadow of continuing uncertainty over the outcome of the sixth one.

Unconvinced

In this they pledged \$12bn, of which the U.S. share was \$3.24bn, over three years. The Reagan Administration, unconvinced of the value of such aid, reneged on this agreement and decided to spread the U.S. contribution over four years. Other members of Ida then agreed to top up its funds by \$2bn to allow it to continue operating for further year, even if at a reduced level. But the continuing lack of enthusiasm of the Reagan Administration has meant that it failed to fight in Congress for the funds necessary for complete disbursement of its existing stretched-out pledge. The \$245m represents what Congress cut from the Administration's aid request for Ida in the current U.S. fiscal year.

The EEC wishes to highlight the importance of this sum and is preparing a demarche to Washington. If the U.S. Administration is not prepared to press Congress to increase its 1983 appropriations from \$700m to \$945m there will be a still greater problem next

INTERNATIONAL banks and their auditors are in a profound muddle over the accounting treatment of sovereign debt. All confront the same problem: all are producing divergent answers. That much is already clear as the bank reporting season gathers pace.

Witness:

● Few of the larger U.S. banks have made significant provisions (reserves in American parlance) against loans to sovereign borrowers. Indeed some with heavy commitments in Latin America, such as Citicorp and Chemical Bank, have reported huge increases in 1982 earnings; many are expected to raise their dividends to boot. Why, ask congressional men in Washington, is U.S. taxpayers' money being used to bail out Mexico and Brazil, so rescuing the American banking system, if U.S. banks are so profitable?

● In Europe this week Libra Bank, the biggest of the London consortium banks specialising in lending to Latin America—popularly supposed to be the bankers' graveyard—cheerfully declared a massive 39 per cent increase in pre-tax profits. The preliminary announcement took the wise precaution of pointing out that the full accounts (due next week) carried an unqualified audit report. On paper Libra is one of the most profitable banks in the world, in terms of its return on equity and on assets. Yet general manager Mr John Finch admits that a high proportion of the loan book consists of rescheduled debt. What do the figures mean?

● The British clearing banks, whose reporting season begins today with Lloyds Bank's results, are widely expected to raise their dividends, despite greatly increased provisions for bad and doubtful debts. Barclays, which most brokers expect to disclose the biggest fall in profits, has promised to increase its dividend by 20 per cent. In contrast leading West German banks are expected to persist with a more gingerly approach to distributions.

To a financial innocent, this might appear to suggest that some banks really do think that they can foot all of the people all of the time. There must, after all, be a link between the fortunes of banks and their clients; and we are now in the worst economic and financial crisis since the 1930s—when, incidentally, more than three-quarters of outstanding Latin American debt had gone into default by mid-decade. So what are the banks up to?

The different views of bank profitability reflect, among other things, a lack of coordination between regulatory authorities around the world; also the failure of the accounting profession to develop, in conjunction with the regulators, a coherent approach to banking provisions. Many international banks still choose not to disclose their true profits.

Washington and the Third World

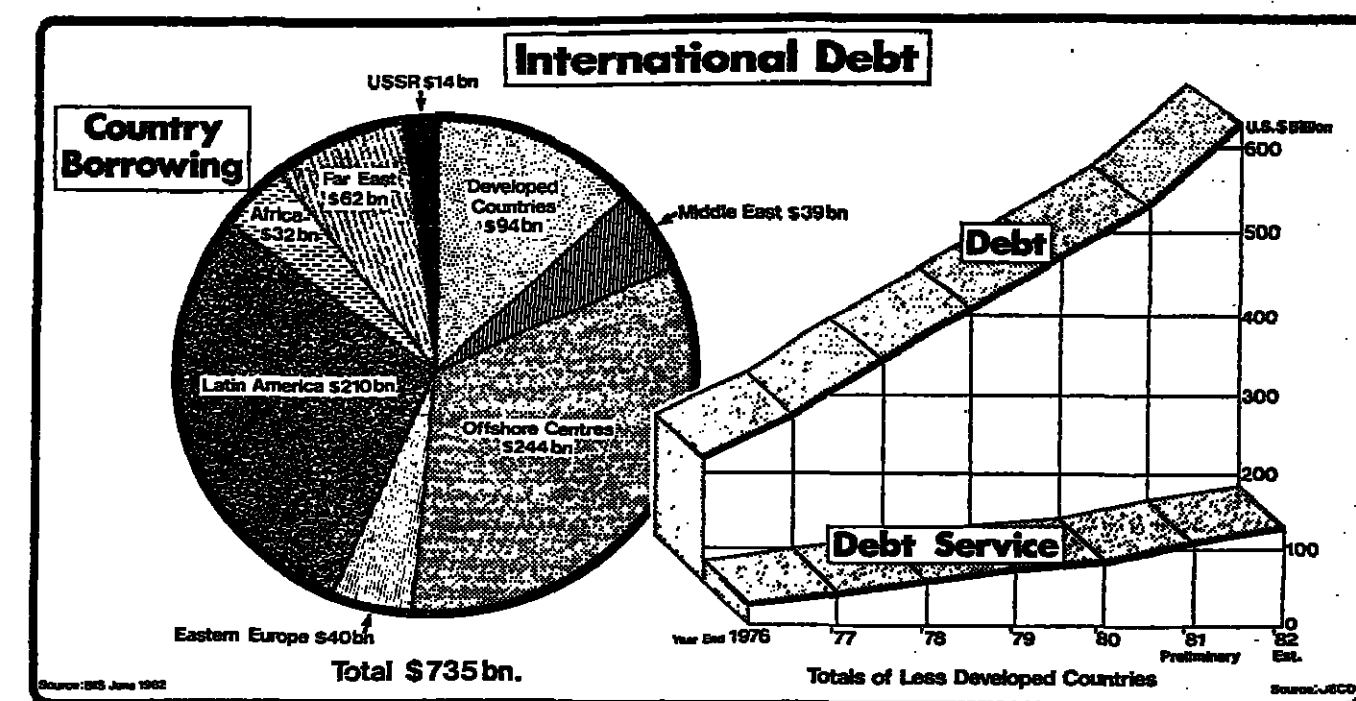
LAST WEEK'S increase in international Monetary Fund quotas will help those developing countries rich enough to get into debt. The West cannot forget those countries too poor to borrow significant sums abroad. For countries such as Bangladesh and Mali, the only dependable source of finance coupled with expertise has been the International Development Association (Ida), the soft-loan window of the World Bank. Today Ida's ability to continue its work depends largely on Washington.

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their own estimate of true profits. Even in Britain leading merchant banks take advantage of legislation permitting the accumulation of hidden reserves.

Traditionally banks create both general and specific provisions for bad and doubtful advances. The specific ones are made in relation to individual loans which are regarded as wholly or partially irrecoverable. The general ones tend to reflect broader perceptions, usually based on past experience, of what overall bad debts will turn out to be. Beyond that, there is considerable latitude; judgements are subjective. Hence the confusion.

In the past banks have often made specific provision for "country" loans, where the advance to a foreign undertaking is not underwritten by the state. But until the Polish crisis "sovereign" loans, carrying the imprimatur of the state, rarely attracted specific or even general provisions except where countries had actually repudiated debt or reached the point where they were so fundamentally over-indebted as to make ultimate repayment questionable.

The working assumption was that sovereign states did not go bust. And it is that assumption that underlies the thinking of U.S. banks that have reported big profits rises.

High banking profits are arguably consistent with a view of the banking crisis that places the emphasis on short-term liquidity. If we are merely concerned with a loss of confidence and a temporary outflow of capital, and if the basic earning capacity of the countries concerned is not greatly impaired, the bankers will get their money back; repayment has simply been deferred.

Most American banks subscribe (in public) to this

argument—and bolster it by pointing out that Uncle Sam has prevented Mexico and Brazil from going bust. Sotto voce, they admit that heavy provisioning for Latin American debt would have devastating effect on bank profits, and perhaps also on confidence in the banking system. This remains fragile. So do the banks themselves: this week saw the closure by Federal regulators of the United American Bank of Knoxville, Tennessee.

Bankers and auditors are fiddling while the banking edifice threatens to burn

see—no minnow with \$1bn of assets—after large loan losses.

The equity capital of the world's top 100 banks is estimated at some \$160bn, while Latin America alone has outstanding debt of more than \$200bn. Far easier to tell the world that rescheduling sovereign debt is highly profitable than to ponder how much of that \$200bn should be written down.

The trouble with this approach is that it ignores the wider economic picture. Even if the increased external debt of developing countries (see chart) is charitably assumed to have financed increases in productive capacity instead of increased consumption, the debt mountain cannot be serviced in a world of contracting trade, stagnant economic activity and potentially increasing political instability.

In the absence of a good old

fashioned economic recovery, which would provide the debtors with expanding markets in the developed world, and in the absence of lower real interest rates, the book value of rescheduled sovereign debt is unrealistic. The crisis is not just about liquidity, but about solvency, high real interest rates and contracting credit.

A further weakness in the Panglossian case lies in the terms on which much sovereign

future rescues may be less favourable to banks.

In Europe there is a more widespread acceptance of the need for provisions against sovereign debt. And in Britain this reflects compliance with the accounting principle of prudence, which has been written into law since the Companies Act 1981. Many bankers and auditors accept that it would be imprudent blithely to assume that an economic upturn will take up all of the book, especially when the banking crisis itself acts as a constraint on recovery. But what is prudent? Even Libra, virtually all of whose loans are either to Latin American governments or banks, claims "prudently" to have doubled its provisions before striking its huge profits increase.

Little help has been forthcoming from the supervisory authorities. In November, the Bank of England's chief regulator Mr Peter Cooke said that in relation to international loans, banks would need "to consider prudent provisions, general or specific, according to judgments in particular cases, to deal with deteriorating asset values." More pungently, he added: "They will also need to consider the appropriateness of the maximum possible retention of profit to reinforce capital resources, if necessary at the expense of liberal distribution policies."

What, then, are the specific

problems that banks and auditors face, in making provisions? On the income side, there is the question of whether to accrue income when the sovereign debtor is having difficulty meeting interest payments (and is probably paying them out of further borrowing). Should interest be included on a cash basis, or should provision be made against the accrual? Does prudence require banks to provide also against the cost of financing non-performing loans?

A second problem concerns management fees. There is a strong temptation to take both management and participation fees on rescheduled loans straight into profit. Yet prudence surely dictates that these should be spread over the life of the loan, or perhaps even related to capital repayments. Since there is no standard treatment, the banks take their choice.

On the capital side the bankers simply have to decide which of their rescheduled loans look like being perpetually rescheduled. Prudence would appear to call for potential losses to be acknowledged as soon as they arise, the absence of standard accounting practices may mean that bankers will be tempted to amend provisions over a period of years and argue with the auditors.

Bankers and auditors appear, then, to be fiddling while the banking edifice threatens to burn. And some outsiders believe that they should be working harder to strengthen provisions and reserves in order to put trouble out of the way as quickly as they can.

One concrete suggestion, made recently by IBCA Banking Analysis, the London-based bank rating service, is that banks should adopt a policy that specifically recognises that the crisis is not so much about over-indebtedness as high interest rates. Why not, it argues, decide on a tenable long term nominal rate (say of 5 per cent) and apply any excess over that figure in the interest rate negotiated on loans in setting up provisions? So if an interest rate of 12 per cent was charged, 5 per cent would go into revenue, while 7 per cent would be used for provisions.

Mr Colin Brown, of accountants Price Waterhouse has argued recently that there could be a case for discounting future repayments of principal on rescheduled debt to present value, in order to establish a base for providing against loans. Mr Brown also puts a powerful plea for more disclosure on non-performing loans.

For the moment, however, this is so much futurology. While the 1982 crop of bank accounts may satisfy the auditors, they are unlikely to be taken at face value by everyone else. Until the banks confront more directly the need to make realistic provisions, the problem of credibility will remain.

Men & Matters

Robot aggro

A robot manufacturer I met recently likes to refer to his creations as "those cheeky little fellows."

The Japanese, with the biggest and fastest-growing robot population in their factories, are now discovering that among the robot ranks are some dangerous young rips as well.

The government has gathered first statistics of a new industrial hazard—deaths and injuries to humans caused by robots.

A survey covering 190 Japanese robot-using factories turned up evidence of two workers fatally crushed between robot arms and other machinery, and nine injury cases from similar causes. A further 37 workers had become entangled with robots and other equipment but had escaped unhurt.

"Unfair to robots... I can almost hear the clamour. After all, you can hardly blame machines for bad behaviour when they are built and controlled by humans."

In fact, the Japanese investigators are blaming the accidents upon poor management of the robots.



"As a matter of fact, I'd never touched until the distillery redundancy party"

The robots that have given trouble were mostly installed in conventional factory layouts dating from the pre-robot era. The space allowed for the robots to operate was apparently over-generous so that humans in the vicinity found it difficult to follow the robots' movements properly and take avoiding action.

Labour minister Alda Ono now intends to change the Japanese labour safety regulations to take account of robot antics. He also wants to make it compulsory for companies to provide human robot inspectors.

But... wait a moment.

Hope, it seems, springs only slightly short of eternal.

Eternal bonds

Instead of ruefully contemplating the worst investment you ever made and groaning "It's not worth the paper it's printed on," take heart and put the share certificates or bonds in a safe place.

After a shaky start a few years ago, followed by a couple of false dawns, the market in bustled bonds and unenhanced share certificates is settling its share. London valuers are claiming they can now put reasonably precise values upon some of the old paper.

When Phillips holds its next sale for this comparatively new corner of collecting, it's not worth the paper it's printed on," take heart and put the share certificates or bonds in a safe place.

Most of the bonds and certificates on offer will sell for £50 or less. Phillips expects the whole sale to realise about £10,000.

Offerings will include a handsome share certificate on vellum of the Thames and Severn Canal Navigation dated 1808, a certificate for the North Cornwall Silver, Lead, and Tin Mining Association (1835), and the oldest piece of financial paper in the sale—a 1699 French bond issued by the Keeper of the Royal Treasury.

Very few certificates or bonds issued this century have yet found their way on to the collectors' market.

It is clear that owners of bonds and shares are not prepared to sell them off as curios until almost a century after the venture has folded.

Italian job

Though its own economy lags behind most of its partners, Italy has kept its grip on the top job in the European Commission's directorate-general for economic and financial affairs.

After doing the job with some distinction for the past three years, Tommaso Padoa-Schioppa is returning to the upper echelons of the Banca d'Italia in Rome and another Italian, Massimo Russo is being drafted into Brussels from the International Monetary Fund in Washington.

Russo has spent nearly 20 of his 44 years in international organisations. He put in his first spell at the IMF between 1964-73 as an economist in the Africa Department to which he returned as head of division and assistant director in 1974.

The two years in between were filled with studies of the Japanese and Swiss economies as a principal economist at the OECD in Paris.

Now deputy director general in the administration department of the IMF, the only gap in his experience would seem

to be any specialist knowledge of the EEC.

This may turn out to be an advantage if Russo is capable of bringing a new approach to the problems of economic co-ordination within the Community. Some of his colleagues-to-be are paralysed with caution when it comes to counselling member states. A touch of the IMF's straight-from-the-shoulder treatment of economic policy shortcomings would not go amiss in Brussels.

No such word

That wonderful Whitehall propensity for examining every situation from all directions led to the commissioning from City accountants Robert Rhodes of a report into the first 50 financial failures under the government's loan guarantee scheme.

Publication, planned for yesterday, was halted at the last moment. I am told, by Mrs Thatcher herself.

It hadn't a chance from the moment her eye caught the word "Failures" in the title. No report on failures would be associated with her government, the civil servants were made to understand in brisk fashion.

Actually the scheme has been a great success. The banks have advanced £150m backed by government guarantees in three years. And more government backing is likely to be promised in the coming budget.

It seemed a natural thing to the Whitehall warriors that they should worry over the few failures that had occurred.

They have learned a sharp lesson. Failure in business terms is something to be analysed. Failure in political terms cannot be considered.

Batty question

Covent Garden graffiti: "Why should Fledermaus Die?"

Observer

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POLITICS TODAY

Why the general is worried

By Malcolm Rutherford

MANY OF the key figures involved in Western defence and arms control negotiations gathered in Munich last week-end—Mr William Clark, the assistant to President Reagan for national security affairs, General Rogers, the Supreme Allied Commander, Europe; Dr Manfred Woerner, the West German Minister of Defence, and his predecessor, Dr Hans Apel, were all there, and a great many others besides.

The occasion was the 20th annual meeting of the *Wehrkunde*, a virtually untranslatable German word which means roughly a meeting of people who are interested in military affairs.

The *Wehrkunde* is heavily German-American. The British, the French and a few others, like the Turks, the Norwegians and the Canadians, get a look-in, but only just.

Nothing wrong with that. The American commitment to the defence of West Germany is essentially what the Atlantic Alliance is all about. In comparison with that central relationship, questions about the future of the British or French independent strategic forces are peripheral. Thus it is always interesting to hear what the Germans and Americans have to say to each other.

The news from Munich is that they are not as close as they might be. Herr Egon Bahr, once a close adviser to Chancellor Brandt on the Ostpolitik and still a leading member of the Social Democrats, shocked the conference by declaring that it was necessary to have a defence relationship not only with the U.S. but also with the Soviet Union. He argued, too, that the deployment of a new generation of nuclear weapons in West Germany, under almost any circumstances, might lead to civil resistance. Herr Bahr is a German nationalist with (I think) a small "n".

For the Americans, Mr Paul Nitze, their chief negotiator at the talks with the Russians on intermediate nuclear forces (cruise missiles and so on) in Geneva, gave not the slightest hint of an early change in the U.S. position. Neither did Mr Edward Rowny, his counterpart at the parallel talks on strategic arms reductions between the U.S. and the Soviet Union.

Both men read out carefully prepared statements saying that the American position was well-known and that the next move was up to the Russians.

Yet the most dramatic interventions came from General Rogers who said that he was leaving the conference "confused and discouraged"—and that about a meeting where about 99 per cent of the participants must have been on his side.

General Rogers's principal complaint is about lack of political guidance on what he is supposed to do, as supreme commander of allied forces in Europe, in the event of a Soviet attack.

He says that if the attack were launched by conventional (that is, non-nuclear) forces, he would have to request permission for a nuclear response at a fairly early stage. Resort to massive nuclear retaliation might be delayed by a day, but he argues, is now a very small number. Thus he claims that Nato has reverted to a "delayed tripwire strategy," under which any response even to a conventional attack would virtually have to be nuclear.

The doctrine of flexible response, under which Nato has the option of meeting a Soviet attack by any means it thinks fit—conventional or otherwise—is still acceptable, but only if capable of implementation, he says.

"Implementable" has become a key word in current defence jargon. General Rogers thinks, if I do not oversimplify, that flexible response is becoming difficult to implement because of the inadequacy of Nato's conventional forces.

Apart from a better use of existing resources and taking advantage of new technologies, he would like each member of the Alliance to raise defence spending by 4 per cent a year about real terms, despite the fact that only Britain, Norway and the U.S. have met the present commitment of an extra 3 per cent. This additional burden, he says, is reasonable and affordable. Another \$10 a year from every taxpayer—cheap at the price for raising the nuclear threshold, the moment at which Nato might have to resort to nuclear weapons in response to a Soviet attack.



General Bernard W. Rogers, Supreme Allied Commander, Europe

His complaint is about a lack of political guidance on what to do if there is a Soviet attack

So much for the summary; now for some comments. First of all, not even the new Conservative-led coalition in West Germany is conforming with the present 3 per cent target. As was pointed out by Dr Peter Corder, the former Social Democrat deputy Foreign Minister, practically all Western governments have problems with public expenditure. That indeed is one of the main issues in the current German election campaign.

These problems will multiply so long as there is no significant resumption of economic growth and so long as they remain committed to implementing past pledges on social security. It

is therefore unlikely that many more resources will be given to defence.

There are also defence arguments why it should not be necessary. The gain from spending rather more money on a capability to prolong conventional warfare for weeks rather than days is not immediately obvious. Nato already has a defence doctrine called deterrence. In old-fashioned terms it would be known as the balance of power. Nowadays it is based on the uncertainty created by the possibility that one side, if threatened, might use nuclear weapons first. That uncertainty

deters. We should not run away from

that fact. Even if there were to be the most dramatic progress in arms control negotiations, there would still have to be a balance of power to keep the peace and there would still be some nuclear weapons. The insistence on the need for more money for conventional defence seems to me to be an attempt to meet the peace movement by promising that if war occurs, it will remain conventional for a few days longer. It is a weakening, rather than a reinforcement, of the theory of deterrence.

That is why the Anglican bishops got it so wrong at their Synod last week. They voted against unilateral nuclear disarmament, or thought they did. Then they voted in favour of non-first use. Yet to be away from the uncertainty stemming from the possibility of first use is to abandon deterrence. Mr Roy Jenkins, the leader of the Social Democratic Party, came close to embracing the same fallacy in a recent speech at Chatham House.

No early use of nuclear weapons is another matter because it goes, or could go, to the heart of arms control negotiations. There are battlefield (short range) nuclear weapons scattered around central Europe which, in the event of conflict, could be used without political guidance. Here one understands General Rogers's complaint.

Yet here, too, is an opportunity. No negotiations on short range nuclear weapons are taking place. General Rogers is completing a review of the deployment of such weapons in Western Europe and is likely to conclude that some are redundant. But, in a "stuff them in Mr Nitze's hip-pocket" to see that Nato gets something in return. That would be unlike the American withdrawal of around 1,000 nuclear warheads from Europe in 1979 which passed virtually unnoticed by either East or West and was not reciprocated by the Soviet Union.

My own conclusion is that not only should there be negotiations on battlefield weapons to complement the talks on intermediate range and strategic forces already going on in Geneva, there should also be something much bigger, bringing together all existing negotiations and adding new ones.

It is sometimes said that President Reagan and Mr Yuri Andropov, the new Soviet leader, should hold a summit meeting, if only to get to know each other. Yet as Dr Franz-Josef Strauss pointed out in Munich, the possibility of their failing to reach agreement could be disturbing.

It is also often alleged that there is insufficient co-ordination between the two sets of Geneva talks. Ambassador Rowny made a fairly convincing rebuttal in saying that he was in touch with Mr Nitze every day, that their staffs worked together and that there was a common back-up in Washington. One assumes that the Soviet delegations are similarly co-ordinated.

Yet at least until Ambassador Rowny made his intervention, most of the participants—even in a specialists' conference—thought that the negotiations on intermediate range and strategic weapons were being conducted on separate and unrelated tracks. If there is co-ordination, it is not visible.

The way to bring the negotiations together would be through a kind of supervisory board headed by Mr George Shultz, the American Secretary of State, and Mr Andrei Gromyko, the Soviet Foreign Minister, or his putative successor, Mr Anatoli Dobrynin. They would announce publicly that they would meet every three months or so to review progress in all arms control negotiations with the firm intention of reaching agreement. Without that overlying structure the outlook is not encouraging.

The most impressive political contribution in Munich came from Dr Strauss who, rather like Mr Denis Healey in Britain, has blossomed as he has lost the quest for the party leadership. He said that the best solution to the cruise missile crisis would be for the Soviet Union to accept the status quo minus x and for Nato to go for the status quo plus y, which presumably will be the outcome. Even some East Europeans now accept that he would make rather a good West German Foreign Minister; so do some West German Social Democrats. That depends on the Christian Democrats winning an overall majority on March 6.

Lombard

Problem facing the Big Four

By Nicholas Colchester

WHILE the international debt management crisis is more or less under control there appears still to be a period of protracted strain ahead.

The problem is that the prime source of relief—falling interest rates—may well have dried up for the moment, while the secondary source—falling oil prices—does not have as much impact as one would imagine.

The debt problem was well analysed by the OECD at the end of last year. Their portrait of international debt was dominated by four countries—Mexico, Brazil, Argentina, South Korea—to such an extent that one can be excused for saying that these countries are the debt problem.

The OECD pointed out that: ● The Big Four account for 85 per cent of the net floating rate bank debt of the developing world outside Opec (net means loans less deposits).

● Two-thirds of the debt of the Big Four is floating rate debt whereas two-thirds of the debt of the rest of the developing world is on fixed rate.

● The Big Four increased this floating rate bank debt by \$100bn to \$140bn (£80.5bn) between 1978 and 1982. ● Half of this increase consisted of loans repayable within one year.

It was the corrosive combination of floating rates and such impossibly short maturities which condemned international bankers to a world of smoke-filled rooms and 50-foot telex messages.

The table below shows how an average interest rate of about 17 per cent for 1982 obliged the Big Four to pay out \$24bn in interest on top of \$20bn in loan repayments, in a year when their total exports of \$70bn were offset by almost the same quantity of imports. In

short, the only way the Big Four could find that \$44bn was by borrowing it, or by delaying payment—which amounts to the same thing.

One can argue that all debts can be rolled over or extended provided that interest is paid. It is interest which makes a loan a credible banking asset. Refinancing, renegotiation, restructuring, rescheduling of debt: these are all identical actions at different points on the spectrum of fear—fear that there is no prospect of interest payment. What are the prospects for interest payment by the Big Four?

The most important factor is the level of interest rates. Labor is now hovering at around 9.5 per cent. If this level were to hold for 1983 floating rate debt would carry an interest rate of about 11 per cent and the Big Four would pay interest of \$15.5bn on their floating debt. This is a huge saving on \$24bn last year. The problem is that the prospect of further falls in Labor appears to have receded—particularly in light of Paul Volcker's testimony to the Senate on Wednesday.

The next source of hope is the oil price. Three of the Big Four paid \$17bn for oil in 1982. Mexico, the fourth, earned almost \$12bn from oil exports. A reduction in the oil price from \$34 a barrel to an average of \$20 a barrel will reduce Mexico's export earnings by \$1.75bn but boost those of the other three by \$2.5bn. The Big Four are therefore less than \$1bn better off.

The upshot of this simplistic approximation is that there is still an interest gap of roughly \$15bn between the position to which the Big Four are obliged by debt and banking credibility. This is a crude measure of the balance of payment adjustment now required of the Big Four against the testing background of recession.

THE BIG FOUR 1982

	Net floating interest rate debt payments due	Interest rate	Total debt service	Oil imports	Exports
	\$bn	\$bn	\$bn	\$bn	\$bn
Mexico	59.3	10.0	15.2	-11.7	19
Brazil	45.5	7.7	18.5	10.1	21
Argentina	20.5	3.5	4.9	0.3*	2*
South Korea	15.5	2.6	4.8	6.1	21

* 1981 Source: OECD and FT estimates

Letters to the Editor

British Steel Corporation—earnings and prices

From the Director, Personnel and Management Services,

Round Oak Steel Works

Sir—One reads (February 12) with dismay and disbelief that the Iron and Steel Trades Confederation has stripped of office six branch officials who have concluded a 1983 pay deal at the Port Talbot works of British Steel Corporation and that Mr Bill Sims, ISTC general secretary, believes that "the agreement signed is invalid".

Leading local officials here at Round Oak were similarly stripped of office in the summer of 1980 after leading a return to work in the private sector of the industry in defiance of the ISTC's instructions to participate in the disastrous public sector steel strike of that year.

As now in South Wales they opted out—albeit belatedly—of a politicised struggle that was at best irrelevant to their real situation. Their own forbearance, the sensitivity of local management and the good offices of another union kept relationships on the rails until the ISTC eventually came to its senses and quashed the suspensions so vindictively imposed. When will they ever learn?

The Revenue and Parliament

From Mr A. Wiggin

Sir—In referring (February 14) to my letter on the injustice of Leeds, Justinian appears to have misunderstood the point I was making.

As I specifically said, I was not questioning the interpretation which the House of Lords placed on the section, nor was I suggesting that the courts should look at Hansard in order to determine what Parliament intended.

I was criticising not the courts, but the Revenue. First for embarking some 13 years after the Act, on litigation designed to defeat the intention of Parliament (an intention which its own spokesman spelt out to the Commons in 1965 and which the Revenue implicitly accepted in its operation of the section for much of that period), and secondly for misstating that intention to the House of Lords (it is hoped, unintentionally).

With this background, the Revenue should never have litigated the Leeds case. If, by 1978, the Revenue believed that the legislation was defective, it should have altered it prospectively prior to the 1979 consolidation: it did not do so.

Justinian suggests that what

The irony of the Port Talbot incident is that national bargaining in the steel industry has never used to concern itself with local earnings until we suffered a series of ineffective "statutory" incomes policies from 1972 onwards. Traditionally in the steel industry national negotiations were concerned with general terms and conditions: hours of work, shift premia, holidays and the guaranteed week while pay was the subject of local settlements. . . . but that is another story.

A. M. Copland. (Sometime Chairman Independent Steel Employers' Association), Round Oak Steel Works, PO Box 3, Brierley Hill, West Midlands.

From Mr H. Girvan

Sir—As an employer in the steel using industry, I am most concerned about the announcement carried on February 14. As readers will no doubt be aware, the European primary steel making industry is protected by

production quotas, whereas the tubemaking industry is not. The result of protectionism has been the increase in the price of rolled strip, the basic ingredient of the welded tube maker. The problem is, however, that many companies will not be able to accept any increase in tube prices due to the very competitive nature of the markets in which we sell.

British Steel Corporation, by increasing steel strip prices by 10 per cent and at the same time reducing its welded tube prices by up to 35 per cent, will put into question the medium term existence of the private sector tube maker. BSC has infinite resources, the private sector does not. Consequently unless action is taken to prevent the demise of the UK private tube maker, BSC will become a monopoly supplier of tube and structural hollow sections, and fabricators and stockists will have to pay monopoly prices for their steel or turn to imports. This cannot be in the best interests of British industry.

M. Girvan, Clumber Steel and Tube Co., 43 Bridge Street, Leatherhead, Surrey.

the inspector of taxes did was his duty. That begs the whole question: whether the House of Lords would have reached the same decision had Parliament's true legislative intent not been forcefully misstated to it both in the statement of the Revenue's case to the House, and in argument. Since the Revenue, the draftsman, Parliament and the majority of the legal and accountancy professions, had accepted for many years the interpretation which accorded with Parliament's true intention, it is surely untenable to argue (as does Justinian) that the House of Lords successfully gave effect to "what those affected might reasonably expect".

H. W. Wiggin, The Quadrangle, Imperial Square, Cheltenham, Glos.

Precast concrete structures

From the Director-General, British Precast Concrete Federation

Sir—In the issue of February 14, reference is made to a statement by Mr John Stanley, Minister of State for Housing, in regard to structural deterioration of precast concrete structures in some 30 Orlit houses in Scotland. It should be pointed out that

the houses concerned were, at that time, built in compliance with regulations then in force and that nowadays the state of the art is so much advanced that this sort of problem could not arise with current precast concrete structures. The increasing use of quality assurance in the industry is vital in this regard. Indeed, the Minister did say in the debate in the House of Commons, "the general level of house building is much higher, and has been in the 1970s and 1980s than during the period about which we are talking."

The whole position is in danger of being blown up out of all proportion. The Scottish Special Housing Association, whose report prompted the statement, emphasised, "that at the present time the stock of association Orlit houses is perfectly safe" and "no danger of structural collapse or damage exists."

This federation very much welcomes the Government decision to obtain more satisfactory data because any increase in basic knowledge will ensure that any subsequent surveys are targeted in the right direction and are cost effective. Perhaps then we can talk on the basis of facts and not supposition.

John P. Metcalfe, 99 Charles Street, Leicester.

Destroy drug fields at source

From Mr S. Taylor

Sir—"Defeated," says Ian Hargreaves (February 11).

Why? In this technological age of cruise missiles and targets which can be pinpointed, is there no one among the powers that be who can and will devise a "weapon" to destroy these drug fields at source, ie on the ground as they grow, even if this means offering some compensation to the legitimate "farmers" who would suffer financially, be they individuals or governments?

Surely this is the only way of reducing this tragedy-making evil of our times. If systematically and unceasingly carried out season after season, it could possibly eradicate this traffic and save from a life of degradation and misery, thousands of the world's fine young people who have been led astray along this self-destructive path.

Searching the occasional cargo, freighter, house, car, suitcase, sometimes has results, but is a minutely fractional deterrent. Once the drug is in illicit transit, we are not searching for a needle in a haystack, whose whereabouts and dimensions are known. We are searching for hundreds of needles, but they are in a huge unknown sea.

S. Taylor, 61, Austin Drive, Didsbury, Manchester.

Public scrutiny of local authorities

From Mr P. Young

Sir—Clifford Smith (February 12) claims far too much for the public scrutiny of local authorities. Exercising what I thought were my rights under the Local Government Act 1972, as a test I tried to find out the actual salary of the chief executive of my borough council. According to Tom King, then Minister for Local Government: "The only recourse for a person involved in such a dispute would be to take up the matter through the courts; only they can rule on whether the statute requires an authority to make a particular item available."

In short, local authorities are judge and jury in their own case. What we need is a Derek Rayner, a Leslie Chapman, and a band of rightly nosy ratepayers to investigate these local monopolies. If they are as efficient as Mr Smith claims, they have nothing to fear. Peter Young, 21, Kettle Close, Pound Hill, Cranley, Sussex.

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Bush fires may cost A\$1bn in damages

 By Michael Thompson-Noel
 in Sydney

SURVIVORS of Australia's worst bush fires yesterday spoke of a "tidal wave of flame" sweeping across enormous tracts of dry farmland and wilderness at more than 50 mph.

The country ground to a virtual halt in the tragedy, which has claimed at least 88 lives and caused an estimated A\$1bn (\$970m) worth of damage. Seven small towns have been destroyed and general election campaigning has been suspended.

The toll was highest in Beaconsfield and Cockatoo, about 50 km east of Melbourne, Victoria, where at least 25 died and more than 15,000 hectares of land were destroyed.

In Beaconsfield, 12 volunteer firefighters were encircled by flame and incinerated in seconds.

Only a score of Cockatoo's 450 homes were left standing after the fire had raged through the town, but 120 children were saved after sheltering beneath wet towels in a kindergarten.

"We were lucky to get out," said Ian MacRae, whose wife and four children survived. "I don't think a lot did." All he salvaged from his home was a radio, two overnight bags and his dog.

Nearby, a young couple, newly engaged, were found dead clutching each other in a storm gutter. "It was just sheer bloody hell," said one official.

Many of the victims were killed in their cars. It is a standing instruction for motorists trapped in bushfires to stay put, close the windows, cover themselves and lie on the floor. But in the exceptional heat of Wednesday night, the precaution was inadequate and many died of suffocation.

Thousands of sheep and cattle were incinerated, and with the feedstock destroyed, hundreds of farmers - already battling against the worst drought this century are in a hopeless position.

The fires burned throughout Wednesday night, and in some parts of Victoria - where 43 died - were still raging unchecked last night, with huge blazes reported in the Dandenong and Otway mountains. Hundreds of troops joined in the firefighting, but communications were in chaos.

Mr Malcolm Fraser, the Prime Minister, toured the worst-hit areas, as did Mr Bob Hawke, his Labor Party opponent.

EEC probe on Hyster UK plans

By John Wyles in Brussels

MR FRANS Andriessen, the EEC Competition Commissioner, yesterday demanded to know what financial incentives were being given to Hyster, U.S. forklift manufacturer, to persuade it to develop its plant in Scotland.

The Dutch Commissioner's intervention followed swiftly on Hyster's announcement on Wednesday that it would cut production in the Netherlands and sell its components plant in Belgium.

These moves are part of a strategy to concentrate volume production of forklift trucks at Irvine, Scotland, now that the plant's workforce have voted to accept a 9.8 per cent cut in basic pay rates.

According to the company, the vote established the viability of a £40m (\$62m) investment at Irvine which reportedly will be supported by £12m of British Government selective assistance and regional development grants.

Commissioner Andriessen wants details of the government aid to establish that it does not breach EEC competition rules. He has also asked the Netherlands and Belgian governments for details of the job losses caused by the Hyster reorganisation.

If he decides that the aids are illegal, the UK Government would have to withdraw them or face action at the European Court.

British Steel to receive further £245m support

BY PETER RIDDELL AND PETER BRUCE IN LONDON

THE British Steel Corporation (BSC) to receive an additional £245m (\$379.5m) for the current financial year, because of its cash squeeze.

This brings total central government support for the Corporation, through its external financing limit (EFL) up to £610m for the year ending March 31. The increase was revealed by the UK Treasury in the spring supplementary estimates which were presented to Parliament yesterday.

The Treasury says the additional provision is necessary "because of the deterioration in BSC's financial position stemming from the crisis affecting the steel industry throughout the world."

Mr Patrick Jenkin, Industry Secretary, announced in December that additional provision and an adjustment in the external financing limit would be necessary, once BSC's new corporate plan had been considered.

This takes account of the decision to keep open all five of the Corporation's integrated steel making plants for the next couple of years, at least.

The public spending White Paper (policy document) published earlier this month set out a provisional external financing limit for the 1983-84 financial year of £195m, though the BSC's prospects are still being reviewed. It seems, however, that the provisional figure will be increased.

The extra funding announced yesterday will have to be cleared by the EEC Commission in Brussels, although the Government does not anticipate any difficulty in gaining approval. The UK already has permission to offer BSC a maximum of £400m this year.

The UK has committed itself to scaling down the level of subsidy to BSC, in line with a Commission ruling that steel subsidies throughout the Community should stop by 1985.

The feasibility of that target is being questioned increasingly, as demand shows little signs of recovery. Nevertheless, BSC's new EFL of £610m, up from £365m, is still below the 1981-82 figure of £730m.

Under a deadline imposed by the Commission for final funding proposals until 1985, the UK Government

must put in a request for £1.8bn last September.

The size of the request, which would allow BSC an average of £600m in the last three years of subsidy, suggests that the Government shares some of BSC's current pessimism about the market.

The Commission will rule on the British request, along with amounts sought by other Community members, by the end of June, but in offering BSC the extra cash the Government obviously feels it has room to manoeuvre.

The supplementary estimates seek provision for a total additional amount of £1.25bn. Most of this sum will be matched by offsetting savings elsewhere in programmes or has been charged to the contingency reserve.

A figure of £1.35bn is being sought for attendance and mobility allowances because of an increase in the number of beneficiaries, while an additional £240m provision is being requested for supplementary pensions and other allowances.

Tough provisional quotas announced, Page 3; BSC chairmanship, Page 8

Franco-Italian group pressed on Argentine hydro project

BY JIMMY BURNS IN BUENOS AIRES

DUMEZ-IMPREGILO, the Franco-Italian consortium, has come under intense local pressure to cede part of its proposed participation in the construction of Yacretia, the \$100m hydroelectric project planned on the Argentine-Paraguayan border.

In what amounts to an ultimatum from the Argentine Government, the consortium has been given until Monday to reach agreement with a group of local companies or face the prospect of an indefinite postponement of the project.

Earlier this month, Dumez-impregilo asked that its participation in the construction of the project should be 53.5 per cent and that the rest should be shared out among Argentine and Paraguayan companies not linked with the consortium, with a small proportion going to Uruguay.

Paraguay and Uruguay are reported to have settled for partici-

pation of 15.25 per cent and 0.5 per cent respectively. Argentine companies were yesterday still holding out for a much greater share than the 30.75 per cent proposed by Dumez-impregilo.

Argentina would like local participation to be at least equal to that of the consortium and preferably constitute the majority share of the construction.

The current argument is the latest battle in a long war over the project since bids for the civil works were first opened in June 1980. Dumez-impregilo was formed last August as part of an agreement to end months of bitter rivalry between the French and Italians and to facilitate an early decision from the Argentine-Paraguayan entity set up to supervise the building of the project.

A decision on the granting of the

civil works contract was earlier held up after the World Bank had objected to the local preference for a \$1.7bn bid put up by Impregilo.

The bank, which along with the Inter-American Development Bank has offered the main project financing, had argued that the decision taken against Dumez was not justified on financial and technical grounds. Dumez's original bid was \$1.48bn and this figure has now been adopted by Dumez-impregilo.

Argentina has been submitted to a tough austerity package by the International Monetary Fund but some Argentine military officials are understood to favour the project going ahead before handing power over to the civilians.

Pressure for greater local participation in major projects is the result of the revived nationalist sentiments in the wake of the Falklands war.

Thais may defer airliner plans

BY JONATHAN SHARP IN BANGKOK

A KEY committee in Thai Airways International, Thailand's flag carrier, has recommended that the airline drop plans, at least temporarily, to buy new medium-range aircraft and thus defer a difficult choice between offers made by Airbus Industrie and Boeing, airline sources said yesterday.

The two aircraft manufacturers have been battling hard for months to secure the Thai contract, which, though it is for only two aircraft worth a total of about \$100m, is regarded as providing an important opening to the expanding South East Asian market.

Thai International, originally ordered two Airbus A-300s to add to the 10 it already has, but then turned its attention to Boeing, which offered attractive terms for two of its new 767s.

Earlier this week, the airline's long-range planning committee recommended that neither company should get the contract, and that

both should submit their sales proposals again with no time limit attached. A decision is expected on the committee's recommendation next Thursday, when the airline's board meets.

If the board shelves plans to buy either the Airbus or the 767, Boeing may get a consolation prize in the form of an order for one Boeing 747, which Thai International is also thinking of buying.

But as far as the Airbus and 767 are concerned, it has been apparent for some weeks that both the airline and the Thai Government, which has the last word on aircraft purchases, have had serious doubts and differences, first over whether to choose and, second, over whether to buy any aircraft at all.

In addition, senior airline officials have been embarrassed by the mass of publicity generated by the Airbus-Boeing contest.

Thai International had already paid a deposit of more than \$1m to

Airbus Industrie before turning to the U.S. aerospace giant.

The European consortium was understandably appalled when the Thai tried to back out of the deal. Senior Bangkok-based diplomats from Britain, France and West Germany made joint representations to the Thai government in favour of Airbus.

In the latter months of 1982, both Airbus Industrie and Boeing vied to offer more generous terms to the Thais. Airbus Industrie took the extraordinary step of lopping \$10m off the price of each aircraft.

But until December, Boeing appeared to have clinched the deal. Since then, however, the Thai airline has raised objections to the 767's cargo-carrying system. In addition, several senior Government officials have urged the airline to drop the idea of buying new aircraft and instead take advantage of current cheap leasing rates and lease the aircraft it needs.

U.S. banks cut Spanish operations

Continued from Page 1

mun capital, thereby increasing banks' exchange risks in Spain, was widely regarded as an attempt to discourage further competition for local banks, or as a bid to exert pressure on foreign banks to opt for the acquisition of ailing Spanish institutions as a way of establishing branch networks.

To date only two foreign banks have chosen this path - Barclays

through the takeover of Banco de Valladolid, and Banque Nationale de Paris through the acquisition of Banco Lopez Quesada. Bank of America is in the running to take control of Banco de Alicante.

The original 1978 decree imposed strict restrictions on foreign banking operations, with the number of branches limited to three and the deposits banks can accept in pes-

tas limited to 40 per cent of assets. There are now 30 foreign banks operating in Spain including four that were established before the 1936-39 Civil War.

The most recent arrivals include the two Belgian banks Societe Generale de Banque - known here as Banco Belga - and Banque Bruxelles Lambert.

Japanese clash may prompt early poll

By Jurek Martin in Tokyo

THE JAPANESE Government and its parliamentary opposition are locked in a confrontation which may lead to a general election as early as April.

It is unclear whether either the ruling Liberal Democratic Party under Mr Yasuhiro Nakasone, the Prime Minister, or the opposition actually wants an election so soon, but both sides have it in their power to bring one about.

The battleground chosen by the opposition, led by the Japan Socialist Party (JSP), is the budget committee of the Lower House. The five minority parties are boycotting consideration of the budget for the 1983 fiscal year, beginning in April, until the LDP agrees to widen the committee debate to include four demands.

These are: the joint resolution calling on Mr Kakuei Tanaka, the former Prime Minister, to resign from the Diet because of the Lockheed scandal; the Government's decision to authorise military technology transfers to the U.S.; consideration of a major tax cut to stimulate the economy; and the Government's refusal to sanction a civil service pay increase.

For the past 35 years the LDP, with rare exceptions, has enjoyed solid parliamentary majorities. Traditionally, one of the few devices open to the opposition to get its policies and positions into public debate has been through extraordinary tactics, such as a parliamentary boycott.

In this case, the opposition's intent appears to be either to test Mr Nakasone's nerve or to goad him into calling an early election, which he believes might be a tactical error on his part. In December, the Prime Minister threatened a dissolution if the budget was blocked, but he is more guarded these days.

According to Mr Masashi Ishibashi, a JSP vice-president, there are two likely dates for a general election in the first half of this year. These are April 24, in conjunction with local elections across the country and in June or July, probably June 26, when election for half the upper House of Councillors is due.

An April election, in Mr Ishibashi's view, would be the result of the initiative of the opposition in forcing Mr Nakasone's hand over the budget. He thinks the Prime Minister will tip his hand within the next seven to 10 days.

A June poll, however, would be dictated by Mr Nakasone, who might want to take advantage of shifts in public opinion immediately after the final defence summit in the Tanaka case.

It is not easy to see why the opposition, especially the JSP, is interested in an early election. Mr Nakasone may be controversial but the support for the LDP seems to be holding steady at about 50 per cent - more than three times the JSP's popularity.

The JSP hardly seems ready for election day: it has just suffered the sudden death of its new secretary general; its recent turbulent infighting is still fresh in the memory; and its process of selecting candidates for the 140 electoral districts in Japan is still lagging.

Mr Ishibashi claims the tide is turning, however. He points to a by-election victory in the Upper House last Sunday - the first such JSP victory in 15 years.

Rise in UK bank lending tails off

Continued from Page 1

will increase as the recovery gets under way, to finance higher stock levels and perhaps an increase in capital investment.

Yesterday's banking figures showed that in the 11 months to mid-February, sterling M3, the broad measure of the money supply, rose at an annualised rate of 10.4 per cent, well inside the Government's target range of 8 per cent to 12 per cent growth. Sterling M3 includes notes and coin and bank deposits.

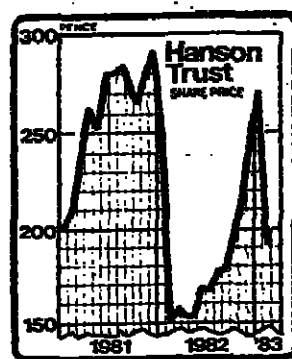
M1, the narrow measure of money which includes those bank deposits which can be withdrawn without notice was rising at an annualised 11.4 per cent for the period.

PSL2 (Private Sector Liquidity 2, which includes private deposits with building societies as well as with banks) rose at an annualised rate of 8.6 per cent in the period.

These figures suggest that the Government's money supply targets will be comfortably met in the current year - for the first time since the last election.

THE LEX COLUMN

Hanson joins the UDS scramble



to be selling as fast as the retailers could get them into the showrooms. But Hoover had its problems, most of them "down under." The company does not break out its Australian operations, but they count for about a fifth of group sales and losses have been mounting. Not that the UK was without its share of headaches. Labour relations in Scotland hit a rocky patch during the final quarter. Demand was there but Hoover just could not produce enough to meet it. Still, the downturn in stocks must have helped chop the last-quarter interest payment in half. By the year-end borrowings were 150m lower at £17m - a third of shareholders' funds.

Hoover hopes to hold that lower level of debt and now that Australia has been pruned and Scotland is running smoothly the group could make a modest profit in 1983. Yet a pre-tax return of £5m to £7m on sales of £200m or so may look a little less than satisfactory to the company's masters in the U.S. Perhaps they have been watching events at Woolworth with more than academic interest, though at least Hoover seems to be heading the right way.

Whisky

The more confident atmosphere surrounding the Scotch whisky industry in recent months is beginning to look a little tarnished. So far at least, the anticipated revival in demand has failed to materialise and the industry continues to wrestle with surplus inventory. As a supplier to the name blenders, Tomatin has suffered particularly because of its high gearing to the level of demand. So the company's main shareholders are being asked to make something of a gesture of faith in supporting plans for reconstruction. The aim is to raise £3m in convertible preference shares, on a 7 per cent yield, which on conversion will roughly double the issued share capital of the group.

The industry's problems were underlined by Distillers' announcement on Wednesday that it was closing 11 distilleries to get stocks into balance. The move is not so much a reaction to the depth of the recession, as to its length. Distillers may have planned its stock build on the basis of an annual 4 per cent sales growth rate with stock laid a decade or so before final sale, a single year's slippage has a compound impact.

S & W Berisford

Anyone who wants to see the full 1982 report and accounts of British Sugar can no doubt call at Compa-

Hoover

No matter how meagre, yesterday marks the first time Hoover has shown black ink at the pre-tax line for almost three years. The market acknowledged the fact with a 5p price rise to 125p, but it was grudgingly done. The last quarter to December was expected to provide something a lot better than a £22,000 profit on sales of over £51m. After all white goods were supposed

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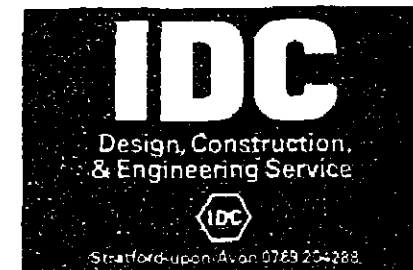
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SECTION II - INTERNATIONAL COMPANIES

FINANCIAL TIMES

Friday February 18 1983



International Harvester boosts market share

BY RICHARD LAMBERT IN CHICAGO

INTERNATIONAL Harvester's share of both the truck and agricultural equipment market in North America increased sharply during the first three months of the current fiscal year. Dealer inventories were in a much healthier state than a year ago, Mr. Louis Menk, company chairman, told the annual shareholders' meeting yesterday.

The group was currently looking for a gain of between 5 per cent and 8 per cent in North American truck sales this year, he said. Agricultural equipment sales were expected to be flat, but should show an improvement in 1984.

On Wednesday, International Harvester reported a net loss for the first quarter ended January 3 of \$11.1m, against a net loss of \$287.6m a year earlier. The group's tangible

net worth now stood at \$150m, Mr. Don Lennox, Harvester's chief executive, told the meeting.

Harvester has signed a new agreement with its banks in the UK and is projecting a break-even from its British operations in the current year.

Mr. Lennox said that Seddon Atkinson, Harvester's UK truck maker, was still for sale. Several offers had been made, but none of them were acceptable.

Harvester was involved in tentative talks with a number of other agricultural equipment makers concerning possible joint venture arrangements, he said. It had already agreed on a deal in Europe whereby it would make castings for Massey Ferguson and the Canadian-based

company would provide it with components in return.

Mr. Lennox said that the group was a little stronger in Germany than last year but rather weaker in France, due to the economic problems there.

Mr. Menk, who took over as chairman of the deeply troubled agricultural equipment and truck manufacturer last spring, said that in view of the group's reorganisation, which was still under way, "I believe we can look to the future with greater confidence."

As of January 31, Harvester's cash and marketable securities amounted to \$235m, he added.

Mr. Lennox said that provided the economy behaved as expected, "we see ourselves turning the company around and going forward."

Phibro up 21% in fourth quarter

By Our New York Staff

PHIBRO-SALOMON, the commodity trading and investment banking group, yesterday reported a 21 per cent increase in fourth-quarter net earnings buoyed by especially strong earnings from the securities operations of Salomon Brothers.

The group reported fourth-quarter net earnings of \$98m, or \$4.97 a share, compared with \$81m, or \$4.33, in the 1981 quarter.

Earnings before taxes showed even larger increases. Phibro-Salomon reported pre-tax profits of \$124m compared with \$75m in the 1981 period on revenues which increased from \$6.443bn to \$8.175bn.

The 1982 fourth-quarter results include a \$60m pre-tax charge, \$30m after tax, of which half related to a non-recurring write-off of a 30 per cent interest in a new Mexico copper property.

For the year the group posted a 17 per cent increase in net earnings to \$377m, or \$4.97 a share, from \$299m, or \$4.23, in 1981 on revenues which increased from \$25.65bn to \$28.70bn.

Earnings before taxes increased by 46 per cent to \$434m from \$298m. The group said that Salomon Brothers' earnings had been particularly strong in the second half of the year reflecting the stock and bond market rallies.

Firestone gain confirms recovery trend

By Our Financial Staff

FIRESTONE Tire and Rubber, one of the leading U.S. tyre companies, has reported a net profit from operations of \$17m, or 34 cents a share, for the first quarter ended January 31, compared with a loss from operations of \$500,000 a year earlier.

A \$1m tax credit made the final net \$18m in the latest quarter while a similar gain a year earlier made the final net \$400,000 or 1 cent a share. Revenues for the quarter were \$861.8m against \$889m a year earlier.

The latest results confirmed the recovery in the tyre maker, which reported a 4 cent a share profit for the fiscal year ended last October on sales 11.3 per cent higher at \$3.87bn. The last quarter of the year contributed 38 cents a share, which offset losses of 1 cent a share in the first quarter and 51 cents in the third.

Firestone said its world tyre group reported pre-tax operating income of \$54m compared with \$36m in the same quarter last year.

Increased shipments of passenger and light truck tyres to domestic car manufacturers, the effects of cost reduction programmes and more profitable operations in certain South American subsidiaries were the major factors behind the improvement.

The company also said that after the end of the first quarter, its Brazilian subsidiary entered into an agreement with a Brazilian corporation to sell the assets of its plant operations there for \$40m. The plant transaction represents a continuation of Firestone's effort to increase local ownership of foreign operations.

Firestone's Brazilian subsidiary will have a 25 per cent interest in the new company and will enter into a long-term supply contract and technical assistance agreement.

Bear Stearns recruits WestLB man

By Alan Friedman in London

BEAR STEARNS, the New York-based investment bank partnership, is planning to enter the Euro-bond market and has recruited Herr Peter Ganschmütz, the WestLB's senior vice president who has resigned from the bank in Düsseldorf.

Herr Ganschmütz has resigned along with Herr Albrecht Nicolaus, another WestLB senior executive, just as the bank is preparing to implement a major reorganisation resulting from a study by McKinsey & Co, the U.S. management consultants.

WestLB said last night the reorganisation involves merging two departments of the bank - foreign bond trading and international institutional investment - into a new department, to be known as International Bond Trading and Placing. Under the reorganisation plan, Herr Thomas Reh, Herr Ganschmütz's deputy, is to take charge of the new division.

Subject to the satisfactory conclusion of his contract with WestLB, Herr Ganschmütz is expected to join Bear Stearns International in London on about June 1.

BIG RISE IN NEW ISSUES

Boom on Swedish stock market

BY DAVID BROWN IN STOCKHOLM

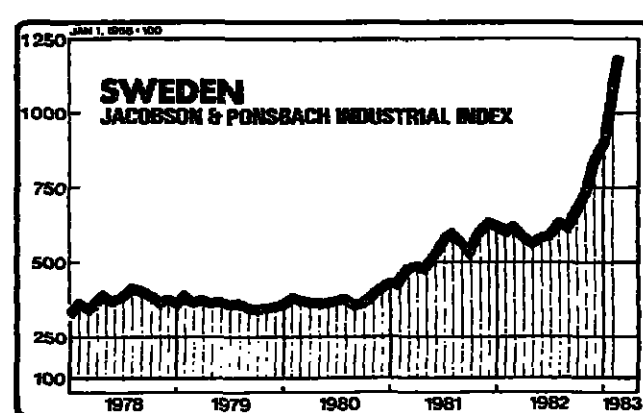
"NOBODY living today has ever seen anything like it," was the way one trader described the stock market in Stockholm yesterday, after it had reached an all-time high on the heels of two growth years. The J and P Industrial Index of the Stockholm exchange has grown 99 per cent from 597.76 a year ago to 1189.84 at yesterday's close.

The broader Veckans Affärer Index shows chemicals up 12 per cent this year, manufacturing up 21 per cent and forest products up 32 per cent. The same index grew 58 per cent last year.

There has been a dramatic rise in new issues. Last year, over SKr 2bn (\$274m) in shares was issued, more than three times the average for the 1970s. S. E. Banken has announced a new scrip issue, that will bring an additional SKr 850m to the market, which is well on the way to meeting and exceeding last year's levels.

When asked to explain the phenomenon, one Stockholm broker shrugged his shoulders and replied: "You tell me," reflecting not only a sense of bemusement but also pointing to one factor that has contributed to the climb.

Foreign investors, especially in London and New York, have been taking a growing interest in Stockholm issues. The trend began in the



late 1970s with undervalued biotechnology and engineering shares, but has extended and strengthened as investors look with hope towards a record profit year in 1983 following the Swedish currency devaluation.

Another factor often mentioned was the introduction by the previous non-socialist ruling parties of a share-saving scheme that drew smaller investors on to the market with the promise of a 30 per cent tax rebate. Between SKr 2bn and SKr 3bn was attracted through this share saving scheme, with a total of about SKr 5bn taken in since their introduction in 1980.

Despite pre-election threats, the tax rebate on the share plan was not eliminated but rather reduced to 20 per cent, and apparently it remains an attractive investment alternative.

In the days immediately following the election of Social Democratic Prime Minister Olaf Palme, the value of the market grew SKr 16bn to SKr 1200m. One of the new Government's first acts was to devalue the Swedish krona by 16 per cent, confirming the impression that it meant to strengthen export competitiveness.

The Government calmed market fears by postponing its promised in-

roduction of the controversial wage earner funds scheme, whereby corporate profits would be taxed and set aside for the purchase of company shares for workers.

The new Government was also said to be in a better position to sway the trade unions to accept moderate wage rises. Despite recent difficulties in the wage talks, labour has been supportive of government policy to help stimulate international competitiveness by keeping wages down.

Another factor mentioned in the market rise has been institutional holdings. Insurance companies operate substantial portfolios, while many Swedish corporations, already suffering from serious overcapacity, are finding the stock market a more attractive alternative than investment in new plant and equipment.

In explaining the boom, analysts point to the limited number of attractive investment alternatives, for both individuals and institutions.

Dealers say the supply of new issues has not overtaken demand, profit announcements for last year have on the whole been positive, and the Government has thus far avoided any policy changes that could counteract the boom.

Market reports, Page 29

Hoover returns to profit with \$3.9m net income

BY PAUL TAYLOR IN NEW YORK

HOOVER Company returned to profit last year after a further improvement in fourth-quarter net earnings. The company also said it had made a profit in Europe for the first time in three years.

Hoover reported a fourth-quarter net income of \$2.90m, or \$0.24 a share, compared with a net loss of \$13.7m, or \$1.26, in the 1981 quarter on sales which fell by 11.2 per cent to \$158.8m from \$179.8m.

The fourth-quarter profit, which followed a smaller profit in the third quarter, helped Hoover post a net profit of \$3.95m, or 32 cents a share, for the year compared with a consolidated net loss of \$18.78m, or

\$1.53, in 1981. Consolidated sales for the year fell by 11.7 per cent to \$662.5m from \$749.9m.

The 1982 results include a \$1.3m - 11 cents a share - charge against earnings for the year and a \$618,000 - 5 cents a share - charge for the quarter to reflect the lower currency value of its Mexican subsidiary.

Mr. Merle Rawson, Hoover chairman and president, said that throughout 1982 there were adverse economic conditions in Hoover's major markets.

"However, the extensive reorganisation of our operations overseas and the introduction of new models

with features never before available, reversed for Hoover the negative trend that we had been witnessing in some countries," he said.

Mr. Rawson said the company had maintained its share of a depressed floor-care market in the U.S., although sales and earnings were lower than in 1981. Losses in the UK were reduced after productivity gains.

A poor business climate, aggravated by a widespread drought, adversely affected Hoover's sales and profits in Australia, but in Europe Hoover made a profit for the first time in three years.

Hoover UK results, Page 21

Ciba-Geigy plans to lift payout

By Our Financial Staff

CIBA-GEIGY, the Swiss chemical and pharmaceutical group, plans to raise its 1982 dividend to SwFr28 a share from SwFr25 a year earlier following a 19.4 per cent rise in net profits to SwFr22m (\$314m) from SwFr521m in 1981.

Group sales rose by SwFr200m in 1982 to SwFr13.8bn.

This growth rate was barely 1 per cent in Swiss franc terms because of the currency's appreciation, but in local-currency terms of foreign operations was about 6 per cent.

The profit rise was attributed to the biological division's performance and the rationalisation and restructuring measures taken in the past two years.

The pharmaceutical and agricultural divisions, the group's largest, both increased sales last year. But the divisions handling dyestuffs, chemicals, plastics and additives suffered declines in sales because of "difficult market conditions and intensified competition."

The group's cash flow last year increased to SwFr1.4bn from SwFr1.3bn a year earlier and was sufficient to cover Ciba-Geigy's capital expenditures.

U.S.-Danish joint venture

By Our Copenhagen Correspondent

TORKEIM Corporation, of the U.S., the world's leading supplier of service station equipment, with 1981 sales of about \$135m has set up a joint venture with Christian Rosing, the fast-growing Danish computer manufacturer, to market computerised debit-credit cards systems throughout the world.

Mr. Christian Rosing, chief executive of the Danish company, which had 1982 sales of more than DKr 400m (\$47m), said the joint venture, RTC Inc, was expected to achieve sales of "hundreds of millions" of kroner within two years.

Weda buys into Sabelt

GRANDES WEDA, a major manufacturer of car seatbelts owned by the Swedish Electrolux group, has bought 42 per cent of Sabelt, an Italian seatbelt company, AP-DJ reports from Stockholm.

Sabelt's 1982 sales were equivalent to DKr 100m (\$11.8m) while Grandes Weda's were DKr 400m.

Grandes Weda bought the stake for an undisclosed amount from Italian investors through a trustee.

The acquisition will raise the company's share of the European seatbelt market to about 20 per cent from 16 per cent.

Danske Bank boosts earnings by 41%

BY HILARY BARNES IN COPENHAGEN

DANSKE bank's net profits increased by 41 per cent to DKr 317m (\$61.2m) in 1982 and the bank pulled ahead of its traditional rival, Copenhagen Handelsbank, for price of place as Denmark's biggest bank both in terms of net profits and the balance sheet total.

The board proposed an unchanged 15 per cent dividend.

The bank's net earnings from interest and commissions increased by 18.8 per cent to DKr 2.14bn, of which about a third was accounted for by foreign business. Earnings were further boosted by an increase in the year-end value of the securities portfolio by DKr 494m.

Earnings before depreciation and loss provisions increased by 36 per cent to DKr 1.24bn compared with the equivalent figure for Handelsbanken of DKr 1.18bn, a 23 per cent increase.

India accepts stricter terms for energy loan

BY PETER MONTAGNON, EUROMARKETS CORRESPONDENT

INDIA HAS bowed to pressure from international banks and accepted a margin over the expensive U.S. prime rate as part of the conditions for its latest credit, a \$400m loan for its Oil and Natural Gas Corporation (ONGC).

The eight-year deal has been mandated to a group of four banks - Bankers Trust, Banque Nationale de Paris, Chase Manhattan and Credit Commercial de France. It is divided into two tranches, one for \$300m will bear a margin of ½ per cent over London Eurocurrency rates and the other, for \$100m, a margin of 0.15 points over prime.

The loan has been expected in the Eurocredit market for some weeks amid a considerable flurry of interest in Far East banking markets as various bidding groups were formed and then dissolved.

India has long been courted by international bankers but this time lenders have been able to impose tougher terms than in the past.

Use of the prime rate for the first time suggests a substantial increase in overall costs for the borrower, but the margin of ½ per cent is also higher than that paid by Indian borrowers in the

past, which has normally been ¾ per cent for eight or 10 years.

The latest deal, which is unusually large by Indian standards, carries a commitment fee of ½ per cent. Repayments will start after a grace period of four years and a prime cap of 120 basis points has been agreed. This is the level below prime to which the Certificate of Deposit Rate would have to fall before it is used as the reference interest rate instead of prime.

Despite the increase in margins, India has managed to obtain terms that compare favourably with those awarded to other top-rated borrowers in today's markets. Indonesia, for example, is also paying ½ point over Libor for its latest \$1bn borrowing.

Japanese banks and life insurance companies are arranging a syndicated loan worth the yen equivalent of \$325m for the Indonesian Government for formal agreement in early April, Dai-ichi Kangyo Bank, lead manager, said.

The loan, repayable over 10 years with a five-year grace period, will help Indonesia build a petrochemical plant, Reuters adds from Tokyo.

WEEKLY U.S. BOND YIELDS (%)

	Feb 16	Feb 9	High	Low
Composite Corp. AAA	11.67	11.78	14.86	10.82
Composite Corp. AA	12.02	12.05	15.24	11.18
Government				
Long-term	10.92	11.09	14.02	10.18
Intermediate	10.38	10.50	14.24	9.91
Short-term	9.79	9.89	14.52	9.23
Municipal				
Industrial AAA	11.44	11.57	14.40	10.55
Industrial AA	11.80	11.90	14.73	10.96
Utilities AAA	11.90	11.98	15.27	11.71
Utilities AA	12.23	12.19	15.69	11.50
Preferred Stocks	11.00	11.19	13.35	10.71

Source: Standard & Poor's
* Not available

French may cut Olivetti stake

BY JAMES BUXTON IN ROME

THE FRENCH stake in Olivetti, the Italian data processing and office equipment company, is likely to be sharply reduced as a result of negotiations with Cit Alcatel, the French state-owned electronics company.

The French Government, through the recently-nationalised company St Gobain, holds up to 33 per cent of Olivetti. St Gobain first acquired a stake in the company in 1980 when it was planning to diversify into electronics.

But after last year's nationalisation of major French companies, the Socialist Government in Paris decided that St Gobain should no longer be involved in electronics. The company then sold its 20 per cent stake in the electronics company Cit Honeywell Bull.

The French Government finally designated the nationalised elec-

tronics concern Cit Alcatel to negotiate to take over the Olivetti stake.

Meetings between Olivetti and Cit Alcatel have been trying to work out possible areas in which they can co-operate. Little had been achieved in the way of industrial co-operation with St Gobain before the Socialist Government came to power in France in May, 1981.

Olivetti is keen to gain increased access to the French market through an association with Cit Alcatel, but Sig Carlo de Benedetti, Olivetti's chief executive, has made clear that while industrial co-operation must be founded on a financial relationship, that relationship ought to be in proportion to the size of the industrial collaboration involved.

This, Olivetti says, means that the French company should have a

much lower stake than St Gobain's 33 per cent.

In reducing the French stake, a clause in the original agreement with St Gobain would be activated giving Olivetti the right to buy back its shares.

Olivetti is reluctant to let a French nationalised company under close state control have such an important stake in Europe's biggest company in its field.

The negotiations with Cit Alcatel are not expected to be concluded immediately. But when they are, the question of who will buy the rump of the French participation in Olivetti, which said it made record profits last year, will arise. Sig de Benedetti recently told a U.S. business magazine that he would like to see a major U.S. electronics company take a stake in Olivetti.

CIGNA suffers further decline

By Our Financial Staff

CIGNA Corporation, one of the leading U.S. insurance companies, has suffered a further decline in its profits. The company, created last year by the merger of Connecticut General and INA, reported a full-year net profit of \$316.9m, or \$6.73 a share, against \$686.4m, or \$6.68, a year earlier. Revenues were \$11.79bn compared with \$10.87bn.

CIGNA's operating income was \$490.1m against \$656m in 1981, while investment gains totalled \$26.8m against \$28.4m. Fourth-quarter net income was \$142.2m against \$198.7m a year earlier, representing a 28 per cent decline compared with a 24.7 per cent fall for the full year.

All of these securities have been sold. This announcement appears as a matter of record only.

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E. F. HUTTON & COMPANY INC.

LAZARD FRERES & CO.

LEHMAN BROTHERS KUHN LOEB

MERRILL LYNCH WHITE WELD CAPITAL MARKETS GROUP

PRUDENTIAL-BACHE

SHEARSON/AMERICAN EXPRESS INC.

WARBURG PARIBAS BECKER

WERTHEIM & CO., INC.

HAMBRECHT & QUIST

MONTGOMERY SECURITIES

ALLEN & COMPANY

ALEX. BROWN & SONS

F. EBERSTADT & CO., INC.

A. G. EDWARDS & SONS, INC.

MOSELEY, HALLGARTEN, ESTABROOK & WEEDEN INC.

OPPENHEIMER & CO., INC.

PIPER, JAFFRAY & HOPWOOD

ROTHSCHILD INC.

THOMSON MCKINNON SECURITIES INC.

TUCKER, ANTHONY & R. L. DAY, INC.

BASEL SECURITIES CORPORATION

CAZENOVE INC.

ROBERT FLEMING

KLEINWORT, BENSON

BANQUE de PARIS et des PAYS-BAS (SUISSE) S.A.

BUCKMASTER & MOORE

COMPAGNIE de BANQUE et d'INVESTISSEMENTS, CBI

CREDIT COMMERCIAL de FRANCE

HAMBROS BANK

SAMUEL MONTAGU & CO.

PICIET INTERNATIONAL

PIERSON, HELDRING & PIERSON N.V.

J. HENRY SCHRODER WAGG & CO.

VEREINS- und WESTBANK

INTL. COMPANIES & FINANCE

Office equipment sales lift Canon profits to record

BY YOKO SHIBATA IN TOKYO

CANON, Japan's leading camera maker which is rapidly developing into an office automation equipment maker, has turned in record unconsolidated pre-tax profits for 1982, thanks largely to growing sales of plain paper copiers (PPC) and electronic business machines.

Full-year unconsolidated pre-tax profits rose by 4.1 per cent to ¥28.5bn (\$123m). Net profits were ¥16.7bn, up 6.2 per cent, and full year sales totalled ¥307bn, up by 8.6 per cent on the previous fiscal year. The yearly dividend is unchanged at ¥12 a share.

During the past year the company suffered from the sharp fall in demand for cameras. Sales of single-lens reflex cameras were particularly hit by falling demand, down by 18 per cent to reach ¥50bn. However, medium class cameras such as

"Autoboy" and "Snappy" fared better with sales up by 5 per cent. Total camera sales were down by 8 per cent, accounting for 44 per cent of Canon's turnover.

Office automation equipment sales surged by 30 per cent to account for 49 per cent of total turnover. This included good sales of PPCs (up by 28 per cent to account for 35 per cent of total sales) and other electronic business machines such as word processors, electronic typewriters and facsimile transmitters (up by 35 per cent to account for 14 per cent of turnover).

Sales of optical products fell slightly, by 1 per cent, to 7 per cent of the total.

Exports accounted for 74 per cent of total sales, up 8 per cent in spite of a doubling in domestic sales.

In addition to higher sales revenues, favourable factors such as foreign exchange gains, worth ¥7.5bn, and an improvement in the financial balance contributed to the overall earnings rise.

In the current fiscal year, the company sees a further 25 per cent hike in sales of office automation equipment centring on PPCs. As a result, full-year sales are expected to increase by 7.7 per cent to some ¥330bn.

Due to current strength of the yen the company cannot count on foreign exchange gains for this fiscal year. Pre-tax profits are therefore seen as falling by 1.7 per cent to about ¥28bn and net profits at ¥16.5bn down by 1.4 per cent.

The company plans to raise its per share annual dividend by ¥0.5 to pay ¥12.50.

EDA's winding-up hearing adjourned

By Robert Cottrell in Hong Kong

HONG KONG property group EDA's winding-up hearing adjourned until the 10-day adjournment in the hearing of a winding-up order brought against it in the Colony's high court, while evidence is produced of a rescue package said to be being put together on its behalf.

Macwell, a company with offices in Hong Kong and the West Indies, is leading the proposed rescue attempt. The 10-day adjournment is to allow the Macwell interests to produce, as evidence of their good faith, US\$20m said to be being made available through a Portuguese bank.

A further adjournment might then be sought in order for the Macwell interests to study EDA's financial position.

The winding-up petition was brought against EDA by Barclays Asia, with the support of other creditors. EDA Investments owns some HK\$1.5bn (US\$226m) and its chairman, Mr C. M. Chung, has apparently been absent from Hong Kong for several weeks.

Local bankers appear sceptical over the latest rescue proposal but are willing to listen to it. Last month, some bankers were told that Middle Eastern money might become available to EDA.

The winding-up petition covers the quoted section of the EDA group. Separate actions are progressing or being considered by banks against unquoted companies in Mr Chung's empire.

Trust Bank's margins under heavy pressure

By Our Johannesburg Correspondent

SOUTH AFRICA'S fifth largest commercial banking group, Trust Bank, had to contend with severe pressure on profit margins in the six months ended December 31, 1982.

Nevertheless the bank has posted a first-half profit after tax of R2.2m (\$64m). During the corresponding period of 1982 the disclosed profit was R15.1m and in the year ended June 1982 it was R36.1m.

The directors say that the bank's cost of funds reached a cyclical peak in September/October and that in November prime overdraft lending rates were reduced from 20 per cent to 19 per cent and then to 18 per cent. This resulted in pressure in profit margins.

In addition the property portfolio continues to exert a negative influence on the bank's profitability and is expected to continue to do so until the portfolio is reduced to a level at which it can generate satisfactory returns.

Lion Match maintains turnover levels

By Our Johannesburg Correspondent

LION MATCH, the South African maker of matches and razor blades which is 64 per cent-owned by Wilkinson Sword of the UK, maintained a sound level of turnover growth in the 14 months ended November 30 1982.

Turnover during the 14-month period was R88.8m (\$79m) against R63m in the year ended September 30 1981. Operating profit before tax was R14.9m against the previous year's R11.4m.

Sales of established Wilkinson Sword products have fallen, due in part to de-stocking and in part to a drop in consumer spending. In addition the match division has been faced with competition from cheap imports from China.

A total dividend of 46 cents a share has been declared from earnings of 93.2 cents a share. The year ended September 30 1981 saw earnings of 90 cents a share and a total dividend of 39 cents a share.

Wooltru ahead in first half

By Our Johannesburg Correspondent

FIRST-HALF turnover of Woolworths Transwales (Wooltru), the South African clothing, fashion and soft goods chain, rose by 19.3 per cent to R292m (\$259m) from R245m to the half-year to end-December, while pre-tax income advanced by 7.1 per cent to R25m.

In the year ended June 26 1982, turnover was R495m and pre-tax profit R60.3m. The interim dividend is unchanged at 20 cents a share while first-half earnings, including extraordinary items, rose to 43.3 cents from 41.7 cents a share. The year ended June 1982 produced earnings of 93 cents a share and a total dividend of 47 cents a share.

INTERNATIONAL

Royal Bank of Canada senior post

THE ROYAL BANK OF CANADA has appointed Mr Robert C. Paterson, at present based in London, as its executive vice-president, treasury and money markets, from June 1. In this newly created position, Mr Paterson will be responsible for integrating the bank's Canadian and international treasury and money market operations into a single, bankwide function. He will be based in Toronto. He is chairman of RBC Holdings, a wholly-owned subsidiary which manages the bank's investments in a major group of banking and finance company subsidiaries in Europe, the Caribbean and the Far East.

The U.S. Comptroller of the Currency has made Ms Deborah Smith Hechinger director of the securities and corporate practices division. Ms Hechinger was with the Securities and Exchange Commission where she was assistant director, division of

ALEXANDER & ALEXANDER SERVICES INC. has retained Mr Ian Henderson as a consultant on the holding company's corporate staff. Based at A&A's New York headquarters, he will handle special projects throughout the world. A Scott Mr Henderson was most recently financial officer of The News Corporation — an Australian-based newspaper and publishing organisation. Prior to that, he was financial director for the London and overseas brokering operations of the Marsh and McLennan/C. T. Bowring Group. He also served as managing director of Bowring's information systems and communications subsidiary. He assisted in the creation at Lloyd's of the Systems and Communications division. Mr Henderson was an initial member of that board.

GREAT NORTHERN NEKOOSA CORP has elected Mr Peter F. Yacovone president. Mr Yacovone, who is president of Great Northern Paper, a division of Great Northern NeKOosa, was also elected to the corporation's board of directors. Mr Robert Hellenbrand continues as GNP's chairman of the board and chief executive officer. He was also president of the corporation.

Mr Vito T. Fabiano has been named controller of PITNEY BOWES CREDIT CORP., the Darien, Conn., finance subsidiary of Pitney Bowes Inc. He was controller of the Wheeler Group, the New Hartford, Conn., direct marketing division of Pitney Bowes Inc.

SHIONOGI AND CO has promoted managing director Mr Kazuo Yoshitomi to president. He succeeds Mr Zepei Kita, who died on January 21. Dr Jakob Zraggen, Mr Rolf Lienberger and Mr Heinz Schmid have been promoted to managers of BANK JULIUS BAER, Zurich.

UK APPOINTMENTS

Director for Sand and Gravel Association

Mr George E. Thirlwall has been appointed director of the SAND AND GRAVEL ASSOCIATION, in succession to Mr Charles Hey, who retires as chief executive next month. Mr Thirlwall retired from the Royal Air Force in 1979 with the rank of Air Vice-Marshal and was until last year director of the Ceramics, Glass and Mineral Products Industry Training Board, responsible for training for the sand and gravel industry, a role now discharged by the industry's own Quarry Products Training Company.

At CSE AVIATION the Duke of Leinster has become president. In his place Mr Rex Smith, previously managing director, becomes chairman and managing director, while Mr Michael Winand is appointed assistant managing director in addition to his responsibilities as financial director. Mr Gerry Ferriek, for many years financial director of CSE — The Oxford Air Training

School — has retired and will be engaged as part-time consultant. Mr Brian T. Stow has been appointed director of TACMA, the Association of Control Manufacturers, in succession to Mr Kenneth R. Phillips who has retired.

Mr Kurt Jessup, chairman of Morse Flexon, Letchworth, has been appointed a director of FLEXON, the group's recently formed marketing company. Mr Neville Poole, finance director of Morse Flexon, becomes company secretary of Flexon.

Mr John Mills has been appointed a non-executive director of POWELL DUFFRYN. He is managing director of the Molins Group.

Mr W. P. Bowman, group personnel director, United Biscuits, has been elected vice-chairman of the executive committee of the LONDON ENTERPRISE AGENCY (LEA). Mr Alan

Blair, assistant general manager, Legal and General Group, and Mr Michael Bromby, director of biotechnology, Wellcome Foundation, have joined the executive.

Mr Barrie Murray-Upton has joined the board of RACAL REDAC as sales and marketing director responsible for co-ordinating overall marketing strategies including the sales activities of Rascal-Redac GmbH in Germany and Rascal-Redac Marketing in the UK, of which he was marketing director.

Mr Ian Malden has been appointed a non-executive director of RADIO CITY, Mersey-side's independent radio station. He is chairman of Arthur Malden, outdoor advertising contractor.

THE INSTITUTION OF METALLURGISTS has appointed Mr Bryan Donald Gibson as next registered secretary. He is currently deputy registered secretary and admission officer and will succeed Dr G. L. J. Bailey on June 10 following the annual meeting.

Nippondenso registers growth

BY OUR TOKYO STAFF

NIPPONDENSO, Japan's largest manufacturer of automobile electronic components in which Toyota holds a 20.8 per cent share, lifted its unconsolidated pre-tax profits by 7.4 per cent to ¥56bn (\$242m) for 1982.

Net profits were 6 per cent higher at ¥26bn with full-year sales totalling ¥608bn, up 5 per cent. The company lifted its annual dividend by ¥0.5 to ¥11.50 a share.

During the past year sales of

its mainline airconditioner rose by 5.1 per cent to account for 39.2 per cent of total turnover. Autoparts gained 2.8 per cent to account for 28 per cent of the turnover. Electronic fuel injectors, electronic digital instrument panels and electronic skid control systems surged by 15.3 per cent to account for 8.3 per cent of the total.

The beneficial effects of higher production levels and foreign exchange gains along with an improvement in the

financial balance helped cover higher labour costs.

In the current year, the company foresees continuing difficult business circumstances affecting the automobile industry. Increased production of electronics parts (to ¥100bn) will be part of the company's plans to achieve full year sales of ¥630bn. Full year pre-tax profits are projected at between ¥55bn and ¥56bn. The company plans to increase its dividend by ¥1 to ¥12 a share.

Royal Dutch to cut Singapore capacity

ROYAL DUTCH SHELL plans to cut oil refining capacity in Singapore to 250,000 barrels a day from 400,000 to be decided. Mr Dick Van Hilten, managing director of Shell Eastern Petroleum, reports Reuters.

The cut is due to growing competition from new refineries in the Middle East and in neighbouring oil-producing

countries such as Indonesia said Mr Van Hilten.

Shell said that the timing of the cut had yet to be decided. The refinery on the offshore island of Pulau Bukom is one of Shell's largest worldwide.

"Mobilising will begin when demand comes down sharply as Pertamina (the Indonesian state oil company)

Refineries come on-stream" and prospects of replacement markets become dim, said the company.

Pertamina has advised the Singapore refinery that it will be drastically reducing its supplies and intake from later this year. Indonesia is expected to fall away as a major export market for Singapore's petroleum and petroleum products when its two major refineries complete their expansion plans by 1984.

The other four major oil refineries in Singapore are Esso Singapore, Mobil Oil Singapore, BP Singapore and Singapore Refining Company. All say that they have no immediate plans to follow Shell in through-put cuts.

Singapore's total oil refining capacity is 1.1m b/d but most refineries are operating at only 75 per cent of capacity.

Singapore's present refining capacity was too big for the future, said Mr Van Hilten, adding: "Having on to that excess capacity carries a cost which makes us less competitive."

AZIENDA NAZIONALE AUTONOMA DELLE STRADE

U.S.\$100,000,000 FLOATING RATE NOTES 1990

Convertible until February 1985 into 13 per cent Bonds 1982

In accordance with the provisions of the Notes, notice is hereby given that the rate of interest for the period from 17 February 1983 to 17 August 1983 has been fixed at 91 per cent per annum. Interest at the aforementioned rate will be due on 17 August 1983.

BANQUE BRUXELLES LAMBERT SA LONDON BRANCH AGENT BANK

National Australia Bank

Highlights from the Chairman's address

Dividend Reinvestment Plan

I am pleased to announce our intention to introduce a Dividend Reinvestment Plan for stockholders. Under this Plan stockholders will be able to elect to reinvest all or part of their cash dividends in subscribing for additional stock units in the Bank. Stock units allotted will be issued at a discount of 5% below the market price prevailing at the time. It is hoped that the Plan can commence by May of this year.

Financial Environment

Against the background of very depressed economic activity, financial conditions during the year ahead seem likely to be characterized by a weakening in overall loan demand, notwithstanding the increased need for carry-on finance, particularly from the rural sector, and some slowdown in the rate of expansion of other monetary aggregates. Competition between financial institutions for lending business, together with the prospect of additional declines in overseas interest rates and a less than usually onerous domestic liquidity outlook for the winter period of 1983, suggest some further easing in interest rates in Australia is likely, following on from the recent substantial reductions. While downward pressure on interest rates arising from recession is something of a mixed blessing, it is nevertheless an important factor in alleviating strains on cash flows and, hopefully, assisting in the attainment of a sustained economic recovery.

From the Bank's point of view, the year ahead will certainly not be an easy one. Depressed economic activity will constrain growth in lending volumes and interest margins will remain under considerable pressure reflecting the strongly competitive conditions in financial markets. In these circumstances, and notwithstanding tight control over expenses, our view at this stage is that it will be difficult to achieve profit growth during 1983.

Entry into banking

The recent decision of the Government to allow entry of around ten foreign banks into the banking system, as well as offering encouragement to the establishment of new domestic banks, will undoubtedly lead to an intensification of competitive pressures. However, it is important that the Government ensures that existing Australian banks are not disadvantaged. Although foreign banks will be required to comply with high prudential standards, just as we do, it needs to be borne in mind

that Australian banks have a large share of their business in areas which remain subject to interest rate regulation. New Banks are unlikely to enter these concessional areas of financing and this would give them significant advantages over existing banks. To prevent this situation from emerging it is essential that all interest rate controls on banks be removed. The current climate of declining interest rates provides the Government with an excellent opportunity to introduce this most necessary reform. Our motto of recent weeks is that we are building a better bank. This self-imposed task takes on an extra meaning as we look towards future challenges from within the banking industry and beyond. National Australia Bank is well prepared to meet those challenges, and to keep on building a better bank.

Sir Robert Law-Smith,
Chairman of Directors,
Melbourne
January 27, 1983

Summary of Results (Year ended September)			
	1981	1982	% Change
Group operating profit (after income tax)	147.3	149.5	+1.5
Total Group assets	16,743.0	20,517.0	+22.5
Dividend per stock unit	22c	23c	

National Commercial Banking Corporation of Australia Limited

New Issue

All of the Notes having been sold, this announcement appears as a matter of record only

January 20, 1983

CAISSE NATIONALE DE CRÉDIT AGRICOLE

U.S. \$ 125,000,000

11 1/4% NOTES DUE 1990

OFFERING PRICE 100%

Payable in instalments of 20% on January 20, 1983 and 80% on July 20, 1983

BANQUE PARIBAS	DAIWA EUROPE LIMITED	MORGAN STANLEY INTERNATIONAL
BANK OF AMERICA INTERNATIONAL LIMITED	CREDIT SUISSE FIRST BOSTON LIMITED	BANQUE INDOSUEZ CREDIT LYONNAIS
DEUTSCHE BANK AKTIENGESellschaft	HAMBROS BANK LIMITED	GOLDMAN SACHS INTERNATIONAL CORP.
MERRILL LYNCH INTERNATIONAL & CO.	NIPPON KANGYO RAKUMARU (EUROPE) LIMITED	LONDON & CONTINENTAL BANKERS LIMITED
SOCIETE GENERALE DE BANQUE	SWISS BANK CORPORATION INTERNATIONAL LIMITED	SAMUEL MONTAGU & CO. LIMITED
		S.G. WARBURG & CO. LTD.

These securities have been sold outside the United States. This announcement appears as a matter of record only.

U.S. \$50,000,000

Amoco Australia Limited

(Incorporated with limited liability in the Australian Capital Territory)

9% Bearer Notes due 1990

Unconditionally guaranteed by Amoco Holdings Pty. Limited (incorporated with limited liability in the Australian Capital Territory), the obligations of which with respect to the Notes are unconditionally guaranteed, jointly and severally, by Amoco International Finance Corporation (a Delaware corporation) and

Standard Oil Company

(an Indiana corporation)

Issue Price 99 per cent

Morgan Grenfell & Co. Limited

Deutsche Bank Aktiengesellschaft

Merrill Lynch International & Co.

Swiss Bank Corporation International Limited

Orion Royal Bank Limited

S. G. Warburg & Co. Ltd.

February, 1983

SIEMENS

Information for Siemens shareholders

Investment grant prompts order surge

Expectations muted as utilization problems persist

The expiration on 31 December 1982 of a capital investment grant in the Federal Republic of Germany and Berlin (West) apparently motivated many German customers to place orders with Siemens AG before the close of the 1982 calendar year.

New orders. Worldwide, new orders reached £3,533m, a rise of 25% over the first quarter of the 1981/82 financial year. German domestic business was alone responsible for this growth, recording an increase in new orders of £821m; this represents a rise of 75% to £1,917m. Contributing to this strong growth, apart from the expiration of the capital investment grant, was the award to Kraftwerk Union of the contract for the Emsland nuclear power plant. In contrast, international business brought in new orders of only £1,616m, 7% less than for the same period a year ago.

The expiration of the capital investment grant had the greatest impact on the Data Systems Group, which recorded 70% more orders in the German home market than in the first quarter of 1981/82. New domestic orders of the Medical Engineering Group rose 50% above last year's level.

Despite favourable first-quarter trends, however, Siemens expects receipts of new domestic and international orders for the full financial year to remain only at about last year's levels.

Sales. While the figure for worldwide sales in the first quarter of 1982/83 was almost identical with that of last year (£2,332m vs. £2,298m), in real terms it represented a slight decline. German domestic sales of £1,089m did not quite match last year's £1,089m, while international business increased only 3% to £1,249m. Above-average sales were reported by the Data Systems Group, the Medical Engineering Group, and the Power Engineering and Automation Group.

Orders in hand. Due to the special influences affecting new order receipts in the first quarter, orders in hand increased

9% to £14,970m. Inventory rose 6% to £4,634m; this growth resulted solely from additions to inventory at Kraftwerk Union.

Employees. The worsening of the world economy, which led to persistent underutilization in many of our plants and facilities, together with the continuing transition to new and less labour-intensive technologies, made it necessary to reduce the number of Siemens employees 2% to 317,000 in the first quarter. The average number of people employed by Siemens in the first quarter was 320,000, or 4% less than in the first

three months of 1981/82. Employment cost of £1,070m was 3% higher than last year, with the increase being incurred exclusively by operations outside Germany.

Capital expenditure and investment was roughly equivalent to first-quarter outlays last year (£82m vs. £81m).

Net income after taxes in the first three months of 1982/83 attained £42m as compared with £38m in 1981/82. The net profit margin was thus slightly better than in the same period last year and on a level with that for the total 1981/82 financial year.

in £m	1/10/81 to 31/12/81	1/10/82 to 31/12/82	Change
New orders	2,836	3,533	+25%
Domestic business	1,096	1,917	+75%
International business	1,740	1,616	-7%
Sales	2,298	2,332	+2%
Domestic business	1,089	1,083	0%
International business	1,209	1,249	+3%

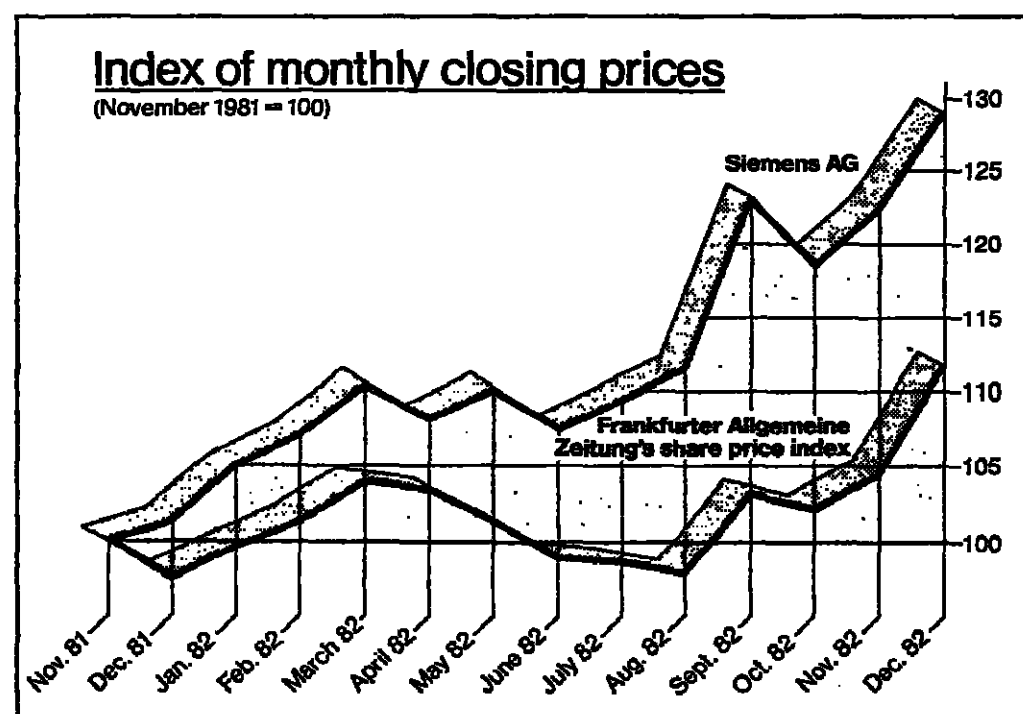
in £m	30/9/82	31/12/82	Change
Orders in hand	13,770	14,970	+9%
Inventory	4,379	4,634	+6%
in thousands	30/9/82	31/12/82	Change
Employees	324	317	-2%
Domestic operations	220	215	-2%
International operations	104	102	-2%

	1/10/81 to 31/12/81	1/10/82 to 31/12/82	Change
Average number of employees in thousands	334	320	-4%
Employment cost in £m	1,042	1,070	+3%

in £m	1/10/81 to 31/12/81	1/10/82 to 31/12/82	Change
Capital expenditure and investment	81	82	+1%
Net income after taxes	38	42	
in % of sales	1.6	1.8	

All amounts translated at Frankfurt middle rate on 31 December 1982: £1 = DM 3.8330.

Substantial gain in price of Siemens shares



The improvement in earnings that was already apparent in our quarterly reports for the 1981/82 financial year has led, after a decline in the quoted price of our stock in 1981, to a revival of demand for Siemens shares. On the four most important German stock exchanges alone, about 13 million Siemens shares were traded in 1982, or one-third more than in the previous year. At DM 3,000 million, the 1982 trading volume was higher than that for any other listed German company.

This resurgence of demand caused a sharp rise in the market price of the Siemens share. At year-end 1982 it was quoted at DM 260.60, or 36% above the low of November 1981.

The share price index of the Frankfurter Allgemeine Zeitung rose by only 16% during the same period.

Siemens AG In Great Britain: Siemens Ltd.
Siemens House, Windmill Road, Sunbury-on-Thames
Middlesex, TW16 7HS

MINING

Carbide explores gold business

BY GEORGE MILLING-STANLEY

AMERICA's Union Carbide Exploration has moved into gold development in Canada through the purchase of a 50 per cent interest in Consolidated Professor Mines' partly developed property at Shoal Lake in north-western Ontario.

Carbide has already paid Professor \$340,000 (£213,000) towards the cost of its participation, and will have to pay over an additional \$1m and spend a further \$10m on exploration in order to maintain its half share.

Surface drilling has started to confirm areas of previously inferred mineral reserves. These are now put at 2m tons, grading an average of 0.3 ounces (9.3 grammes) of gold per ton.

The mining industry will be in a "calamitous position" if South Africa inflation stays well above its major trading partners' without any compensatory adjustments, to exchange rates, according to Mr Ted Pavitt, chairman of General Mining Union Corporation (Gencor).

Australia's Swan Resources has extended its interests in gold exploration by taking a one-third share in a mining lease north-west of the Mount Charlotte mine at Kalbarrie on the Golden Mile of Western Australia.

Ranger's profits on uranium reach £15m

BY OUR MINING STAFF

IN CONTRAST to much of the rest of the world's mining industry, the Ranger uranium mine in Australia's Northern Territory continues to record good profits for Energy Resources of Australia (ERA), the operating company.

ERA made a net profit of \$524.02m (£15m) in the six months to the end of last December, and has declared its first interim dividend of five cents a share, payable on May 31.

The group's only other dividend was a payment for four cents for the 12 months to June 30 1982 after full-year attributable profits of \$537.86m.

Comparisons between the latest figures and previous periods are difficult, as Ranger got into its stride only with the opening of the Jabilur treatment plant in September 1981.

Profits for the last three months of 1981 were \$57.73m. There was no tax charge during the first three months of operation, while \$528.89m was paid in the latest period.

Ranger has contracts running until 1984 for the supply of more than 30,000 tonnes of uranium to consumers in Japan, West Germany and Sweden.

Lorne deeper in red as production grows

BY KENNETH MARSTON

THE Rio Tinto-Zinc group's Canadian Lornex operation in British Columbia moved deeper into the red in the final quarter of last year, despite sharply increased production of molybdenum and copper.

As a result 1982's total net loss is \$1.14m (£588m), or \$1.35 a share, compared with a 1981 net profit of \$233.25m.

In line with the expansion in mine and milling capacity the amount of ore milled last year rose by 34 per cent to 30.7m tons. Molybdenum production rose 33 per cent and that of copper was 18 per cent higher.

The very low prices ruling for the two metals, however, left Lornex with a loss. This year copper prices have improved but the outlook for the steel-hardening molybdenum remains poor.

Meanwhile, Lornex says construction of the Bullmoose metallurgical coal project is expected to be completed on time and within budget. The company has a 39 per cent stake in Bullmoose and its share of investment in the project is \$18.5m, of which \$3.4m had been expended at end-1982.

Drilling activity is in full swing at the Noranda-Golden Sceptre-Golden Gollath Gold Mines ground at the new Hemlo gold exploration area in north-western Ontario. Four drills are being used to explore and delineate further the main ore zone.

Two other drills are at work on the portion of the neighbouring ground acquired by Noranda from International Corona Resources, as is where Noranda intends to sink a shaft which will be used to mine the Golden Giant deposit on the Golden Sceptre-Gollath claims.

Three of these claims, notably the one which covers the Golden Giant deposit, are the subject of a dispute between Noranda and the Little Long Lac group.

BASE LENDING RATES

A.B.N. Bank	11%	Gulf C'tee Trust Ltd.	12%
Allied Irish Bank	11%	Hambros Bank	11%
Amro Bank	11%	Hargrave Secs. Ltd.	11%
Henry Ansbacher	11%	Heritable & Gen. Trust	11%
Arbuthnot Latham	11%	Hill Samuel	11%
Arznei Trust Ltd.	11%	C. Hoare & Co.	11%
Associates Cap. Corp.	11%	Hongkong & Shanghai	11%
Banco de Bilbao	11%	Kingsnorth Trust Ltd.	12%
Bank Hapoalim BM	11%	Knowles & Co. Ltd.	11%
BCCI	11%	Lloyds Bank	11%
Bank of Ireland	11%	Norwich Gen. Tr.	11%
Bank Leumi (UK) plc	11%	Edward Manston & Co.	12%
Bank of Cyprus	11%	Midland Bank	11%
Bank Street Sec. Ltd.	10 1/2%	Morgan Grenfell	11%
Banque Paribas	11%	National Westminster	11%
Banque de Rome	11%	Norwich Gen. Tr.	11%
Barclays Bank	11%	P. S. Relfson & Co.	11%
Beneficial Trust Ltd.	12%	Royal Trust Co. Canada	11%
Brenar Holdings Ltd.	12%	Roxburgh Guarantee	11 1/2%
Brit. Bank of Mid. East	11%	Stavensburg's Bank	11%
Brown Shipley	11%	Standard Chartered	11 1/2%
Canada Perm. Trust	11 1/2%	Trade Dev. Bank	11%
Castle Court Trust Ltd.	11 1/2%	Trustee Savings Bank	11%
Cayzer Ltd.	11%	TCB	11%
Cedar Holdings	11%	United Bank of Kuwait	11%
Charterhouse Capital	11%	Wells Fargo Int'l. Ltd.	11%
Choulatons	11 1/2%	Westpac Banking Corp.	11%
Citibank Savings	11%	Whiteaway Laidlaw	11 1/2%
Clydesdale Bank	11%	Williams & Glyn's	11%
C. E. Coates & Co.	12%	Winttrust Secs. Ltd.	11%
Comm. Bk. of N. East	11%	Yorkshire Bank	11%
Consolidated Credits	11%		
Co-operative Bank	11%		
The Cyprus Popular Bk	11%		
Dunlop Lawrence	11%		
E. T. Trust	11%		
Exeter Trust Ltd.	12%		
First Nat. Fin. Corp.	13 1/2%		
First Nat. Secs. Ltd.	12%		
Robert Fraser	12%		
Grindlays Bank	11 1/2%		
Guinness Mahon	11%		

Goode Durrant & Murray
Group plc

Chairman Lionel Robinson reports on the results to 31st October, 1982

Pre-tax profit £2,767,000 up 20%

U.K. profits £1,182,000 up 35%

Overseas profits £1,585,000 up 11%

Earnings per share 7.6p up 25%

Dividend increased to 20% covered 5 times

Shareholders' funds £12,788,000 up £1,415,000

UK COMPANY NEWS

Foundry losses wipe £2.42m off Birmid trading profits

BY OUR FINANCIAL STAFF

DOUBLED losses on the foundry side wiped £2.42m off Birmid Quacast's trading profits for the year to October 30 1982 and, with redundancy costs £1m higher, pushed the group well into the red at the pre-tax level.

Nevertheless, a net final dividend of 0.5p is being paid, for a total 1p (1.5p). Mr James F. Insch, chairman, says better results should be achieved for the current year even at current levels of activity.

Further rationalisation of the foundry division has taken place and Birmid has now agreed to sell its 50 per cent interest in Autocast (Proprietary) for £1.5m cash to the other joint-holder, Messina. The net book value of the group's Autocast stake at the year-end was £1.17m.

The taxable loss of £1.44m (£1.84m profit) represents a sharp turnaround from a £3.45m profit to £1.01m deficit in the second six months. Mr Insch says the reduction in demand in the automotive sector was much worse during this period than had been expected.

The foundry division's substantial losses resulted from this and

BIRMID QUALCAST

Foundry products

Year to Oct 30	1982	1981
Sales	184,068	178,271
Pre-tax profit	1.44	1.84
After-tax profit	495,000	703,000
Profit	6,88m	40,000
Earnings per share	2.5p	1.5p
Dividend	1.5p	1.5p

the fact that the decline started from a particularly low level of activity.

A decline in the diesel engines market was a prime reason for forcing further rationalisation of foundry capacity - the workforce here has been cut by 50 per cent since 1980. Redundancy costs in the division amounted to £1.24m (£346,000) for 1981-82 and, adding to the £146,000 (£21,000) in respect of home and garden equipment activities, increased the total burden from £387,000 to £1.38m.

A divisional breakdown of turn-

over £164.06m (£178.27m) and trading profits £2.63m (£5.06m) shows: engineering and electronics £15.35m (£17.83m) and £122,000 (£210,000) loss; foundries £78.33m (£80.78m) and £5.55m (loss £2.75m); heating £29.22m (£23.94m) and £5.93m (£4.31m); home and garden equipment £61.06m (£48.82m) and £2.55m (£4.37m). Miscellaneous activities suffered a £20 deficit (£42 profit).

Interest charges fell from £3.74m to £2.65m but the contribution from associates reversed from a £886,000 profit to a £43,000 loss. Of this some £22,000 was in respect of Autocast.

Tax took £495,000 (£703,000) for a net loss of £1.93m (£932,000 profit). On this basis, losses per 25p share are given at 2.5p (1.5p earnings) while on a full distribution they are stated at 2.5p (2.2p earnings).

Mr Insch points to the good performance by the heating and engineering and electronics divisions, and emphasises that the home and garden equipment side maintained its share of the lawnmower market, even if adverse weather reduced turnover and profits.

Geers Gross calls for £4.3m

By Mary Ann Slogthart

GEERS GROSS, the advertising agency, is to raise £4.3m by way of a one-for-four rights issue. The 2.6m new shares are priced at 163p each. Yesterday, Geers Gross shares fell 13p to close at 185p.

The proceeds of the issue will go towards paying off the \$6m medium-term loan facility which had been drawn on to fund the acquisition of the U.S. agency, Kurtz and Tarlow. The balance will be used for working capital.

The company has estimated that profits for the calendar year of 1982 will be not less than £1.75m, compared with £1.02m for 1981. The final dividend will be 2p, making 4p for the year - an increase of 25 per cent over the previous year. The new shares will not rank for the final dividend.

Although the company makes no profit forecast for the current year, it expects to recommend total dividends on the increased capital of not less than 4p a share, with 2p payable at the interim stage.

Mr Charles Hoare, the chairman, said yesterday: "We thought about a rights issue towards the end of last year, but now seemed to be the most opportune time for us to raise some money in the market - the market is high, and our share price is high. It seemed to be the most sensible thing to do."

The issue circular will be published today. The latest date for acceptance and payment is March 11. Underwriters to the issue are Shephards and Chase.

RAY MAUGHAN LOOKS BEHIND THE LATEST BID FOR UDS

Hanson confident Heron will bow out

ONE of the quickest reactions to the announcement yesterday morning that Hanson Trust had agreed to bid for UDS was the movement in the price of BET shares.

BET, formerly British Electric Traction, slumped 20p at one point before closing on a slightly more even keel at 189p, down 16p on the day. The speculators had been chasing the wrong target all week. Hanson now wants to be a draper: it was not lining up BET in its bid sights at all.

The stock market's earlier enthusiasm for BET, misplaced though it turned out, is quite understandable. Almost any company can be made to fit Hanson's takeover criteria. Any company that is which operates in a mature, low or medium technology market where Hanson wants to put its management talents to work.

Hanson can best be described as an industrial management company. Its long list of interests - such as bricks, batteries, textiles, plant hire, animal feeds and the like - hardly rates as one of the glamorous, high growth, century shift businesses. But the application of stringent management controls, and a shrewd divestment policy, have generated profits and cash flow in plenty to fund a near constant stream of acquisitions.

It is symptomatic of Hanson's approach to cash generation that when up-dating the group's

liquid position since the September 30 balance sheet date, Mr Martin Taylor, the finance director says: "We've been trading since then so we're presumably creating cash."

For the record, Hanson currently has £183m of liquid funds excluding its convertible loan stocks and £20m of net debt. Interestingly, the UDS bid is entirely in equity.

Hanson revealed yesterday that it has been looking at UDS for quite some time, although in the light of the sheer number of takeover proposals which cross the desks of its headquarters staff, Mr Taylor was not exactly sure when drapery became a serious proposition.

It was however at some point after Heron Corporation set the bid rumpus rolling last summer when it first declared a 5.1 per cent stake in UDS.

Heron joined a consortium of leading institutions to form Bassishaw Investments and bid first £181m and then £217m for the whole of UDS.

Bassishaw sent its revised formal offer to UDS shareholders yesterday, "just to keep the ball rolling." But the problems of effecting a co-ordinated response to Hanson's terms when leading members of the consortium are in the U.S. means that the initiative rests, for the moment, firmly with Hanson.

Hanson is confident that Bassishaw has now fired its last shot leaving Heron to bow out with a substantial profit on its UDS holding. Not that Hanson

is shy of fighting contested, three-cornered bid battles and, indeed, slugged out a tight battle for control of Berec with Thomas Tilling.

Hanson has made nine successful takeovers worth over £10m individually since 1973, principally the 1980 acquisition of Berec, subsequently renamed British Ever Ready, and the £180m purchase of the McDonough footwear, building materials and hand tools business in the U.S.

McDonough provides the footwear link which Hanson wants to develop on this side of the Atlantic through UDS's small but successful William Timmons and John Farmer shoe retail chains.

McDonough through its Endicott Johnson division - manufactures, distributes and sells a wide range of shoes and sports footwear through almost 700 outlets in the U.S.

Endicott's trading profits have risen from £7.8m before tax and interest in the nine months after its acquisition in 1980 to £16m in the following 12 months.

Both McDonough and Berec provide ample evidence of Hanson's ability to fund large-scale acquisitions by selling at very attractive prices, those operations not considered essential to the core business.

Hence, Ever Ready's principal competitor, Duracell acquired the barely profitable European battery operations for £37m. This together with much surgery elsewhere cut Hanson's total consideration for Berec to a little over £50m - which the

three remaining divisions could well match in terms of pre-tax profits inside three years.

Hanson also revamped 49m of the McDonough outfit by selling its building materials subsidiaries to the Marzac Corporation, run by the former owner of McDonough.

The deal was struck at twice asset value and commenting on it last year, a perplexed Mr James Capel said: "It remains unclear as to why Mr Bernard McDonough should have been willing to pay such a seemingly high price for assets formerly under his control so soon after striking the initial takeover price."

If Hanson now wants to sell on a major part of UDS then there is a very willing buyer ready and waiting for the John Collier and Richard Shops chains. Mr Ralph Halpern wants these businesses and successfully sold the idea to the City that these offer very favourable medium-term growth prospects to his Burton's.

Now that deal, successfully concluded with UDS and scheduled to go for shareholders' approval at meetings on March 4, goes back on ice while Hanson "reviews the position."

Sir James Hanson, chairman of Hanson, was meeting Mr Halpern last night to discuss the John Collier and Richard Shops proposals - and the Burton camp was confident that at least this facet of the complicated tussle for control of one of Britain's largest High Street retailers would not be changed.

Beazer bids for Second City

BY CHARLES BATCHELOR

C. H. BEAZER (Holdings), the West of England housing and building materials group, is making a £15.9m share and cash bid for Second City Properties, a West Midlands property developer.

Beazer's offer comes less than three weeks after its revised £13.7m offer for R. Green Properties was successfully topped by Throgmorton Trust.

Second City and its financial advisers, Samuel Montagu, yesterday recommended shareholders to take

no action. Neither had received a formal approach from Beazer and the board cannot assess its merits until it has studied the offer document.

Mr Brian Beazer, the Bath-based company's managing director, said, however, there had been "informal, indecisive discussions".

Beazer acquired 1,698,276 Second City shares on Monday at 94.32p each and equivalent to 7.21 per cent of the equity. Together with the 50,000 shares previously held, Beazer

owns 7.42 per cent of the Second City equity. It is now offering one new Beazer share and 85p cash for every five Second City shares.

Based on the middle market quotations for Beazer and Second City's shares of 252p and 57p respectively on February 15, the offer values each Second City share at 67.4p, an increase of 18.2 per cent.

Beazer achieved pre-tax profits of about £4m on turnover of about £48m in the year ended June 30 1982.

Mr Charles Hoare, the chairman, said yesterday: "We thought about a rights issue towards the end of last year, but now seemed to be the most opportune time for us to raise some money in the market - the market is high, and our share price is high. It seemed to be the most sensible thing to do."

The issue circular will be published today. The latest date for acceptance and payment is March 11. Underwriters to the issue are Shephards and Chase.

FT COMMERCIAL LAW REPORTS

Contingent payment is future book debt

RE BRUSH AGGREGATES

Chancery Division, Mr Robert Wright, QC, February 11, 1983.

WHERE A company assigns a contingent right to payment, the assignment is a charge on future book debts if on its true construction it assigns the money rather than the contingent contractual right, and accordingly if the charge is unregistered it will be void as against the liquidator in the event of the company's winding up.

Mr Robert Wright QC, sitting as a Deputy High Court Judge of the Chancery Division, so held when giving judgment for the liquidator of Brush Aggregates Ltd (the company) against assignees of contingent payment due to the company, on a preliminary issue as to whether the assignments ought to have been registered.

Section 95 of the Companies Act 1948 provides that every charge created by a company shall be void against the liquidator... unless (registered) within 31 days... (2) This section applies to the following charges:— (c) a charge on book debts of the company."

HIS LORDSHIP said that the company agreed to sell a sand and gravel pit to Amey Roadstone.

The agreement provided for adjustments of payment depending on the amount of sand and gravel reserved, and on whether Amey was able to acquire the right and planning permission to work reserves on adjoining land.

After a long delay, some £100,000 eventually became payable. The delay caused embarrassment to the company, which had a number of creditors. To cope with the situation it assigned portions of its right in the £100,000, or its right to receive that money.

A winding up order was made on the company on July 31, 1978. There were a number of disputes

between the assignees and the liquidator.

In the present preliminary issue the question was whether the assignments ought to have been registered under section 95 of the Companies Act. If they should have been registered, but were not, they were void as against the liquidator. The question turned upon whether they were book debts within section 95(2)(c).

The expert evidence was that when the assignments took place, the company's right to payment was contingent and would not have been entered in the books under good accountancy practice. If and when the contingency was fulfilled the amount received by the company would be entered in the books.

Mr Hamilton, for the liquidator, claimed that the assignments should have been registered. He said that they were a present charge on future book debts and when they arose. Such a charge was registrable.

Mr Ellis, for the assignees, submitted that the assignments were not present charges on future book debts, but were charges on the contingent right of the company at the date of the assignment. That right, he said, was not a book debt.

He relied on *Paul and Frank Limited v. Discount Bank (1967) Ch 349* where an assignment by letter of authority to pay money due under a policy was found to be the evidence not to be a book debt. The present case, said Mr Ellis, was indistinguishable from *Paul and Frank*.

That argument failed. In *Paul and Frank* Mr Justice Pennycuik said at page 363 that it was a matter of the proper construction of the charges. A typical example of the assignments in the present case stated that "£100,000 shall be paid by Amey 14 days after obtaining planning permission. The sum assigned is £15,000."

When one read the assignment, including the recitals, one had the firm impression that it was looking to the money when it became due rather than to the contingent contractual right. Accordingly the assignments were, on their proper construction, a charge on future book debts and ought to have been registered.

Judgment for the liquidator.

For the liquidator: Eben Hamilton QC and Martin Roth (Edwin Cox and Calder Woods).

For the assignees: Roger Ellis (Baker Cotton and Bower).

Expenses 'additional' if grain fails to bleed

AGRO COMPANY OF CANADA LTD

PARNASSOS SHIPPING CORPORATION

Court of Appeal (Sir John Donaldson, Master of the Rolls, Lord Justice Oliver and Lord Justice Slade): February 11, 1983.

WHERE A charterparty provides that grain may be loaded into wing spaces if it can bleed into centreholds, it is contemplated that discharge will be from the centreholds, and accordingly any "additional" expenses, or costs of "additional time" to be borne by the shipowner in respect of loading and discharging, are those incurred if the grain fails to bleed into the centrehold.

The Court of Appeal so held when dismissing an appeal by Agro Company of Canada Ltd (the company) against the Parnassos Shipping Corporation, shipowners, who were liable under a Norgain charterparty, were expenses additional to the normal expenses to be incurred by the charterers in loading and discharging cargo carried in wing spaces.

SIR JOHN DONALDSON, giving the judgment of the court, said that the *Maryella* was a self-trimming bulk carrier of 1,260,500 cu ft grain carrying capacity, of which 178,000 cu ft were in self-bleeding wing spaces.

Under a charterparty in the Norgain form it was provided by clause 12(b) [as amended by the charterparty] that "cargo may be loaded into wing spaces if the cargo can bleed into centreholds. Wing spaces are to be spout-trimmed; any further trimming in wing spaces and any additional expenses in loading and discharging are to be for owners' account, and additional time so used is not to count as laytime

or time on demurrage at loading and discharging ports."

The question was, "additional" to what expenses and to what time? Mr Rix, for the charterers, submitted that they were additional to the expense and time involved in using wing spaces instead of centreholds.

Mr Collins, for the owners, drew attention to the fact that the carrying capacity of the vessel included the wing spaces and that clause 10, which decided that the charterers were to bear the cost of loading and discharging, made no distinction between centreholds and wing spaces. The use of wing spaces was not, therefore, an "optional extra."

In his submission the owners should pay only for specific expenses additional to the general cost of loading and discharging, such as crew overtime and extra expenditure which would not be incurred if the cargo in the wing spaces bled completely into the centreholds or into the centreholds of its amended form, the addition of "at loading and discharging ports" at the end of clause 12(b) added nothing, since time spent on additional trimming at the loading port would come within the scope of the unamended clause, which therefore must be read as referring to both loading and discharging ports.

The owners' submissions were correct and the appeal would be dismissed. The reference to "additional" created no new or different problem, since it was quite clearly the time involved in whatever activity or inactivity created the additional expense.

In its amended form, the addition of "at loading and discharging ports" at the end of clause 12(b) added nothing, since time spent on additional trimming at the loading port would come within the scope of the unamended clause, which therefore must be read as referring to both loading and discharging ports.

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Banking helps push Goode profits up

BY JUR FINANCIAL STAFF

IMPROVED banking results at Goode Durrant & Murray Group helped push profits by 20 per cent from £2.3m to £2.7m for the year to the end of October 1982. The turnover of this holding company, with interests in financing and property developing as well as banking, amounted to £81.96m against £81.74m.

The net dividend has been lifted from 0.875p to 1p - earnings per share are given as rising from 5.1p to 7.5p.

Banking services confirming and financing contributed £1.8m (£28,000) to pre-tax profits. House-building and construction gave £731,000 (£710,000), and a retail department store £502,000 (£741,000), with income from rents, dividends

and sundry sources amounting to £59,000 (£24,000).

An analysis of profits by region showed a 35 per cent increase in UK profits and a rise of 11 per cent in earnings from overseas.

Tax took £293,000 (£798,000) and minorities came to £34,000 (£33,000). Extraordinary credits this time amounted to £17,000 (debts £81,000), leaving attributable profits higher at £1.86m against £1.53m. Dividends absorbed £257,000 (£247,000).

The balance of reserves at October 31 1982 was shown as £11.06m (£9,67m). Shareholders' funds rose by £1.42m to £12.79m. Current cost adjustments reduced the taxable profits to £2.1m (£1.5m) and earnings per share to 4.9p (2.7p).

Canal Randolph board battle set for delay

BY OUR FINANCIAL STAFF

THE ANNUAL meeting of U.S.-based real estate company, Canal Randolph Corporation, which is set to be the venue for a fiercely-contested battle for board control, is likely to be postponed from the scheduled date of March 9, Mr Raymond French, the company's chief executive, said yesterday.

The company, which is quoted both in New York and London, is chaired by Sir Walter Salomon, head of Rea Brothers, the London merchant bank.

A proxy battle for control of the company was declared in December by Mr Asher Edelman. In January, Mr Edelman filed lawsuits against Sir Walter in a Delaware court alleging contravention of Securities Exchange Commission (SEC) laws.

Postponement of the annual meeting is "90 per cent likely," according to Mr French, because of delays in compiling materials necessary for the proxy contest at the annual meeting.

Essential documents have yet to be released by the SEC. Unless this happens over the weekend, postponement of the annual meeting will be unavoidable. Mr French said the delay would be unlikely to be more than 10 days.

The hearing in the Delaware court is due to be held next week, though delays in preparation of evidence may put that back by a week. If Mr Edelman's charges are upheld then Sir Walter, along with shareholders representing about 28 per cent of Canal Randolph's shares - who are in U.S. law defined as part of Sir Walter's beneficial holding in the company - may be forbidden from voting at the annual meeting.

Habitat buys Heal's for £4.8m

BY DAVID DODWELL

THE Habitat Mothercare group, headed by Sir Terence Conran, has agreed to buy Heal's & Sons, the high quality furniture group, for just over £4.8m.

The deal will involve Heal's substantially reducing the amount of floor space it uses at its 220,000 square foot furniture and furnishings shop in Tottenham Court Road in London. Part of the space will be taken over by Habitat, which will then move out of premises 100 yards away.

The deal also envisages setting up a chain of up to 12 Heal's shops across the UK. The company, which was established in 1810, has only two outlets at present - the main shop in London, and a smaller one in Guildford.

Habitat, established in 1964, is offering £38 in cash for every £1 ordinary share in Heal's, and £1 in cash for every 4.2 per cent Cumulative Preference share of £1.

As an alternative to cash, Habitat is offering £41 nominal of its 98 per cent Convertible Loan Stock for every two ordinary Heal's shares. It will make a further issue of the stock for the purpose, with a value equivalent to 185p for every £1 nominal of the stock.

The offer has been unanimously recommended by the board, which represents 11.5 per cent of the company's shares.

It has already been accepted by shareholders accounting for 54.3 per cent of Heal's issued shares.

The purchase comes just a year

Telecom charges to be public

By Peter Riddell

BRITISH TELECOM and Mercury, the private sector communications consortium, will be required by the Government to publish details of their tariffs and charges.

An amendment to the Telecommunications Bill was tabled yesterday by Mr Kenneth Baker, the Minister for Information Technology, and is likely to be debated next week by the Commons committee on the Bill.

The change is being regarded as significant by the Government as part of its attempt to ensure fair competition for all providers of telecommunications services.

Joseph Webb PLC

INTERIM REPORT (UNAUDITED)

	Six Months to 30.9.82	Six Months to 30.9.81
Group Turnover	2,505,033	2,613,709
Group Trading Profit	326,666	397,569
Holidays	19,051	327,048
Property Investment	59,530	70,521
Estate Development	218,085	—
Group Interest	231,732	157,697
Group Profit before Taxation	94,934	239,872
Taxation	16,446	38,472
Group Profit after Taxation	78,488	201,400
Interim Ordinary Dividend 0.1313 pence per share (0.1313 pence) (Note 1)	33,782	33,782
Earnings per 5p Ordinary Share (Note 2)	0.28p	0.76p

Note 1: The interim ordinary dividend is payable to members on the register at the close of business on 10th March, 1983.

Note 2: The earnings per share are based on 25,729,705 Ordinary Shares in issue.

Group Profits: Group Trading Profit before interest was £326,666 (£397,569) and takes into account a depreciation charge of £215,664 (£179,686).

Activities: The contributions to Group Trading Profits made by each activity are reviewed as follows:—

Holidays and Leisure made a contribution of £19,051 (£327,048). Property Investment was £59,530 (£70,521) with the prospect of improvement through rental reviews.

A Land Sale showing a surplus of £218,085 (£Nil) which was contracted in the period has been included in these results. Group Pre-Tax Profits were £94,934 (£239,872) and Interest charges were £231,732 (£157,697).

One half of the full year's results from our Holiday and Leisure interests is included in this report. Property income has shown a steady increase.

It is not anticipated that a further contribution will be made from the sale

FINANCIAL TIMES SPECIAL REPORT

BY ARTHUR SMITH

Northampton

Its selection as an overspill town for London gave Northampton fresh sinews of growth. Progress has been slowed by the recession but sufficient dynamism has been generated for the Development Corporation to be phased out

"NORTHAMPTON PRESENTS a strange mixture of boom and gloom." According to Mr Simon Sperry, earnest but youthful and enthusiastic chief executive of the county Chamber of Commerce, his modern office, inconspicuously located in a plush avenue of houses close to the town centre, is already jostled by emerging multi-storey buildings.

The rising office blocks are a sign of the boom stimulated by heavy public sector spending on roads and infrastructure to force growth "at a white hot pace" in an overgrown East Midlands market town. Northampton, because of its position astride the motorway network just 60 miles to the north of London, could only have prospered. Designation in 1968 as one of the "third generation new towns" has accelerated the process dramatically.

The gloom comes from the regular Chamber surveys of business confidence. Not since the last quarter of 1981 has there been any sign of an upturn—and that proved short-lived, Mr Sperry reports. He dismisses metaphors about "light at the end of the tunnel" or "glimmers on the horizon." Orders remain weak and exports are under pressure, though the recent weakening of sterling has provided some respite.

But even in the current troubled national economy Northampton remains something of an exception. Unemployment at 10.1 per cent is well below the national average. "Such a position, though it hurts to say it, is not too bad," argues Mr Dave Crowden, manager of the Northampton Job Centre. The number of vacancies advertised in his offices above the busy Grosvenor shopping complex—one of the successes of the expansion programme—has increased slightly this year after remain-

ing fairly constant throughout 1982. Recession in a town which has seen a population growth of 26,000 to nearly 180,000 in a little more than a decade did not arrive dramatically—it merely tightened its grip. Unemployment has climbed reluctantly over the past three years not because of spectacular closures but more by a constant shakeout and slimming down of workforces.

Diversified

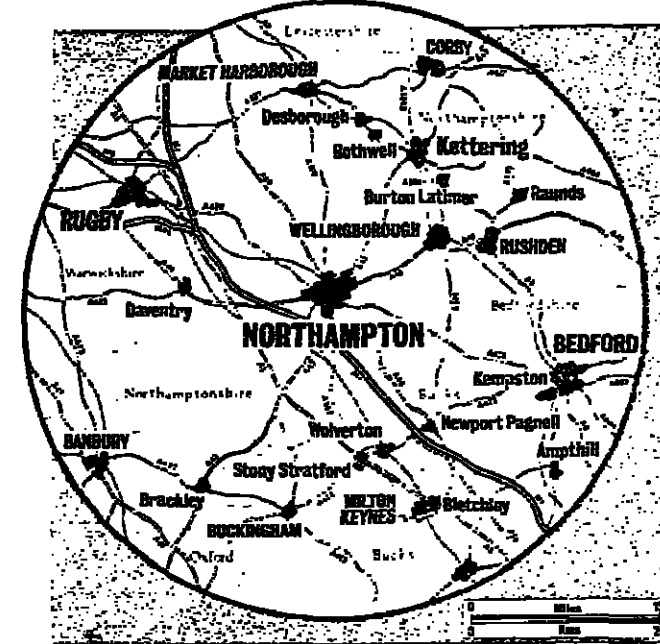
Before it was chosen in the 1960s as a growth point to help ease the then pressure on jobs and housing in London—Northampton already enjoyed the benefit of a fairly diversified manufacturing base.

The subsequent influx of new businesses and the creation of some 18,000 new jobs has com-

pensated for the decline in more traditional manufacturing sectors such as footwear and engineering. The attractions of Northampton for warehouse and distribution operations and new computer-based industries has shifted the structure of the local economy towards service and white collar occupations.

Mr Crowden points to the demand for clerical, commercial and computer-related skills. "Northampton has a reservoir of good labour and is attractive to newcomers. If a company wants labour we can usually find it," he maintains.

Among the newcomers there have been many foreign-owned companies, there are some 65 companies representing 15 countries. But the pattern of recruitment of both companies and people has changed during the 12 years of expansion—a period that has seen a dramatic



decline in the nation's economic performance. From the outset the aim had been to ease the pressures upon the expanding Greater London Council. As recently as 1977 some 60 per cent of the 1,600 houses let by the Development Corporation went to people from the GLC area. By 1981 the proportion had fallen to only 25 per cent of a similar level of lettings.

In the early days the large companies such as Telfers tended to re-locate from London. That drift is weaker now but continues. Lummus, an engineering company that is part of Combustion Engineering of the U.S., moved last year from London with 900 jobs. Increasingly, however, companies established in Northampton tend to be smaller and to have grown up within the local region, reports Mr Leslie Austin-Crowe, general manager of the Development Corporation.

He maintains that Northampton, though an established town, can provide the greenfield sites and modern accommodation to act as "a centre of excellence" for new companies. The expansion of the past decade had provided a momentum and much of the growth now tends to be indigenous.

That view of the self-perpetuating dynamism of Northampton's growth is also taken by the Government, with the result that the Development Corporation is to be wound up by the end of next year. Inevitably such a cut-off point is somewhat artificial and some officers will continue a few months beyond to tie up the final details.

The Development Corporation will set a precedent among the new towns in that it will not

transfer its assets for a transitional period to the New Towns Commission as that body itself is being phased out. Instead it is negotiating direct with its two partners in the expansion programme, the Northampton District and County Councils, for them to take over full responsibility for all the public assets, like building land and development corporation-owned factories and warehouses. Discussion is already well advanced.

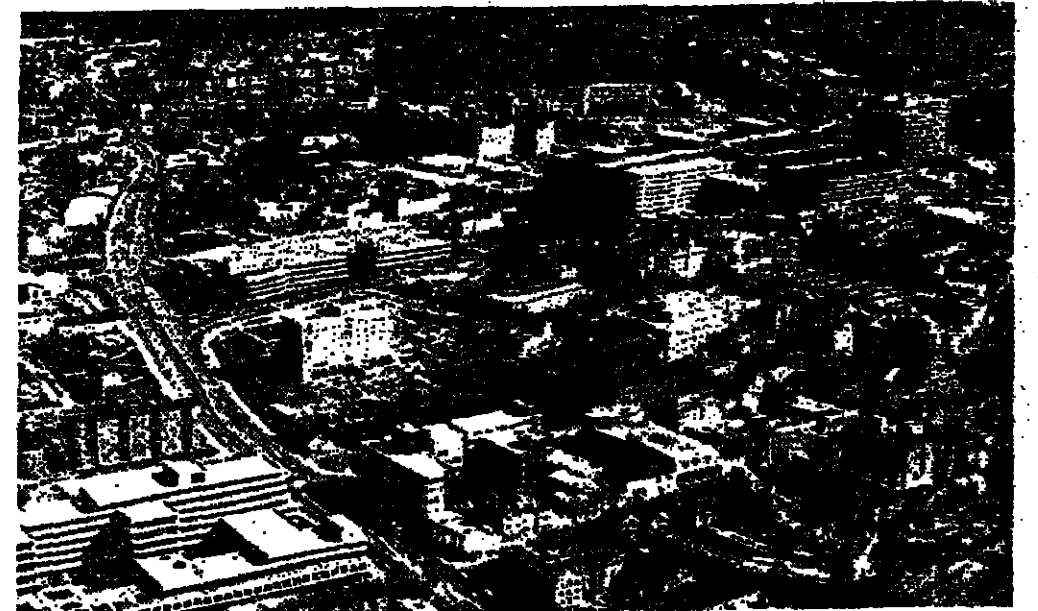
Mr Austin-Crowe is confident the detailed negotiations can be completed within the deadline. "There are lots of issues to be sorted but none of the problems looks insuperable."

He argues that "the partnership concept" pioneered at Northampton, under which the Development Corporation and the District Council share certain offices and functions, will make the hand-over easier. On housing, for example, the local authority has managed all the Development Corporation rented accommodation from the outset.

Good relations

Such joint activities have fostered good relations rather than antagonism. "The relationship with the local authorities is as good if not better than you will often find between different departments in any large organisation," Mr Austin-Crowe declares.

The rundown of the Development Corporation will be gradual and phased. The staff has already been slimmed from 240 to around 160 over the past two years. He hopes the transition will be "so smooth that they won't even notice that we have gone."



Multi-storey office blocks in the centre of the town symbolise the growth of service industries—although recession has slowed the pace of letting nowadays

Plans for new agency

NORTHAMPTON MAY already have the advantages of location, good communications, greenfield sites and new buildings to ensure continued growth even in the current hostile economic climate. But moves are already afoot to create a new body to maintain the momentum of industrial change after the planned phasing out by the end of next year of the Northampton Development Corporation.

The planned Northampton Enterprise Agency will cover the whole county and already has the backing of all eight local authorities. But a key factor in its success is likely to be the extent to which the private sector will be involved. Mr Hugh Marrack, president of the Northamptonshire Chamber of Commerce, has written to his members urging them to contribute "in cash or in kind" towards the resources necessary for such an agency.

The Chamber has already negotiated for private industry and commerce to have 50 per cent of the membership and directors of the company that will run the Agency. But Mr Marrack points out that the support forthcoming from companies will clearly affect not only their influence on the Agency's activities but also its efficiency and effectiveness.

Mr Simon Sperry, chief executive of the Chamber, says it is too early yet to assess the response of the appeal for sponsorship or the level of funds likely to be contributed by

local authorities. "That clearly will depend on the will of the politicians."

The County Council and the seven district and borough councils see the Agency as a focus for efforts to stimulate the local economy, promote investment and create jobs.

While the aim will be to attract companies to the county, Northampton will clearly face competition from its neighbours. Wellingborough, just a few miles to the east and with a 14.7 per cent unemployment rate, has just been declared an enterprise zone. Corby, where the rundown of the steelworks has thrown more than one in five out of work, was one of the first towns to be given the advantage of enterprise zone status.

Competitor

Milton Keynes, to the south of Northampton and always a strong competitor, has had its population target cut but is likely to continue with a development corporation until the end of the 1980s. The publicity resources of Milton Keynes alone are likely to dwarf that of the proposed Northamptonshire Agency.

The Agency does, however, have a base upon which to build in the Northamptonshire Industrial Promotion Unit (INPU) formed more than two years ago as a joint venture between the Chamber of Commerce, the County Council and

Northampton Development Corporation. The aim of that body, in common with local enterprise agencies set up throughout the country, is to give advice and assistance to promote the growth of existing and new companies.

A key factor for Northampton in attracting new investment in industry and commerce will be the investment already made in developing the infrastructure and servicing sites.

Mr Leslie Austin-Crowe, general manager of the Development Corporation, estimates there is sufficient serviced land to meet housing requirements for the next five years. There is a similar supply of industrial land assuming "a cautious view" of the economy. "A boom" could mean the take-up of the serviced industrial land perhaps within three years.

He points out that so far the private sector has accounted for around 90 per cent of industrial and commercial development over the 15-year expansion period. Of the more than 11m sq ft of factories and offices built, the Development Corporation has undertaken only around 1.2m sq ft.

"To move from 90 per cent to 100 per cent will make very little difference to these developers. There are many sites and many people who want them. In real economic terms growth will continue as before," Mr Austin-Crowe argues.



Two men much involved in guiding the town's business affairs. Mr Leslie Austin-Crowe, general manager of the Development Corporation (left) and Mr Simon Sperry, chief executive of the Northamptonshire Chamber of Commerce and Industry

expanding

NORTHAMPTON

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A mature 'Middle England' environment, an established local economy and a stable, adaptable workforce, all have a real value when adding up the benefits of relocation and expansion in Northampton—a real town.

As a growing county town on the M1 and midway between London and Birmingham, Northampton's location can pay off in real terms—50% of Britain's industry and 57% of its population are within a 100 mile radius.

Northampton is large enough to offer something to everyone, but not so large as to be impersonal—or present the problems experienced in commuting to or simply moving about in the large cities. It has a fully developed industrial and commercial life, yet is surrounded by beautiful countryside only a few minutes away.

Office buildings

Since its expansion began, 'Expanding Northampton' has become first choice for many companies seeking either small or major office premises away from the stresses of a city environment. The Lummus Company, a leading international engineering and construction organisation and employer of nearly 1000 people, recently announced its decision to lease Greyfriars House, 160,000 sq ft of prestige office space in the town centre.

Companies wishing to follow in the footsteps of Lummus will find a wide choice of other properties ranging from 300 sq ft to 21,500 sq ft and a selection of sites in the town centre and at Moulton Park Office Campus.



Industrial sites and unit factories

Northampton's four new employment areas are still attracting many leading industrial concerns. Only this year, SAAB (GB) Ltd, the Swedish executive and performance car giants, decided to make Northampton the headquarters of their UK after-market operation. They are joining other firms of worldwide reputation—Levi Strauss, Fisher-Price and MFI who have all taken premises on large sites at Brackmills. There is a wide range of sites and a choice of unit factories ranging from 1000 sq ft to 40,000 sq ft immediately available. All units have mains services, central heating, offices and parking facilities.

If you are considering the benefits of relocation, then security, growth potential and profit must rank high on your list of priorities.

Northampton, with its key location in 'Middle England' and easy access to all parts of the United Kingdom, its great variety of industrial and commercial premises and its intelligent, stable workforce, presents a positive option at a time when investment opportunities are limited. Incentives you will find hard to better—anywhere!

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NORTHAMPTON-2



Maintaining the tradition as a shopping centre. Left: The open market, one of the oldest in the country. Right: Shopping malls in the modern Grosvenor Centre



FINANCIAL TIMES REPORT

Improving call for industrial premises

THERE ARE signs of awakening interest in the depressed industrial property market. The Development Corporation says the slight upturn in optimism about the nation's economic prospects has pushed enquiries about factory and warehouse accommodation to an all-time high.

Not too much is being made of this flatter of interest since the conversion rate into sales and lettings still remains low but the fact companies are again reviewing prospects is indicated by enquiries which last year totalled 771—more than double the average so far for the 12 years of expansion.

Mr John Burbidge, of agents

Wilson & Partners, maintains that more than 225,000 sq ft of factory and warehouse space has been sold or let in the first few weeks of this year. "I am very optimistic for a successful year in all sectors," he says.

He points to Northampton's advantages of location, particularly for distribution, standing as it does near the motorway network and midway between London and Birmingham. Around 57 per cent of Britain's population and half its industrial production is within a 100-mile radius of the town.

Mr Chris Cole, of Swindall Atkins and Partners, says that although there is some 1.6m sq ft of factory space currently

vacant in the town, around 750,000 sq ft is considered partially obsolete because it consists mainly of old multi-storey buildings. He also forecasts an improvement in the industrial market this year, again underlining Northampton's success in attracting 200 companies over the past 10 years to relocate their headquarters or main distribution centres in the town.

Northampton's industry has not escaped recession but the shake-out of labour alone taking place across the country is forcing companies to re-assess operations and consider relocation. Even in a low growth

economy there will be demand for new sites and premises.

Such factors helped keep rents fairly firm last year. Wilson and Partners, for example, let 46,600 sq ft to Gestetner at £2.25 a sq ft. Mr Burbidge says that demand continues and that while developers are obviously looking for pre-lets some speculative building is likely on prime sites. Nursery units continue to command a premium, achieving rents of up to £2.86 a sq ft. The £3 mark is expected to be realised this year.

Another interesting trend is the strength of sales of older freehold property. Rock-bottom prices of between £3 and £4 a

sq ft provided an attraction to companies seeking to expand. More than half the 962,000 sq ft disposed of last year went freehold and the bulk of that tended to be older multi-storey properties.

The Development Corporation, which halted its building programme for advance factories last year, still has around 200,000 sq ft available, much of it in the brickfields employment areas.

The Corporation, before being phased out by the end of next year, has been selling its holdings of industrial land. Values have held up very well but in a quiet market the Corporation

may be unable to meet its deadline.

Rather than allow the land to go at knock-down prices the Corporation is likely to seek Government approval to hand it over at cost to some other public body. The most obvious candidate would be Northamptonshire County Council.

Such a reserve of land would give important muscle to the proposed creation of a Northamptonshire Enterprise Agency, aimed at recruiting new industry to the county. The availability of the land would provide an attraction while the profits on its sale would help to finance promotion and development.

Goal as a regional shopping centre

DEMAND FOR retail premises has shown a sudden upsurge "after a period of deadening silence," according to one leading agent. This probably reflects the first signs of a renewal of business confidence evident elsewhere in the local economy.

Agents also suggest companies may believe the market has hit a low point and are moving in before rents begin to rise. Another trend is the interest shown by smaller retailers in sites close to or in prime areas. The apparent lack of action among multiples over the past 12 months certainly presents an opportunity.

Northampton's town centre has been transformed during the town's expansion, most notably by the 300,000 sq ft Grosvenor Centre, a covered

shopping complex that has attracted many of the big retail names to the town.

Recent rent reviews in the Grosvenor have established levels in the prime spots of £36 a sq ft on the ground floor and £25 on the upper level. Prime positions in Abington Street also command rents of around £30 to £33 a sq ft.

Away from the main centres values fall progressively to around £15 to £18 a sq ft in secondary areas such as the Drapery and Mercers Row. Gold Street continues to attract specialist traders and discount outlets, while Bridge Street remains popular for restaurants, estate agents offices and professional services.

Plans for retail development on the three-and-a-half acre Notre Dame site in

Abington Street have been scaled down. Of 12 units, totalling around 36,000 sq ft, two have so far been let. Part of the site, originally intended for a 60-bedroom hotel, has been sold to a brewer for development as a public house/restaurant facility.

Northampton Borough Council believes its investment in the Deragate Centre, a £9m entertainment complex scheduled to open shortly, will give an important lift to the town. The 1,500-seat multi-purpose hall, suitable for musical performances and spectator sports, is linked to the long-established Royal Theatre, home of the repertory company.

Northampton town centre, where more than 1m sq ft of shops have been built in

recent years, now looks set for a period of consolidation. It has a clear ascendancy over smaller retail centres in the county such as Daventry, Wellingborough, Kettering and Corby.

The main competition comes from Leicester, 30 miles to the north, and Milton Keynes, 15 miles to the south, where a new 1m sq ft shopping centre has proved a success.

Apart from land, the principal asset which the Development Corporation has for sale is the Weston Favell district centre, a 220,000 sq ft shopping complex some three miles east of the town centre. The centre, which is fully let, attracted more than 90,000 visitors, according to a survey conducted during Christmas week. That level is more than 13 per cent higher than in the previous year.

Close eye on office lettings

THE PACE of office development in Northampton has slowed down since the first heady days of expansion in the early 1970s when the property boom and the boost to demand given by the re-organisation of local government aroused ambitions of making the town one of the leading provincial centres. Though targets were consequently lowered, progress has been significant, with more than 1.6m sq ft of accommodation built already.

New schemes are already coming out of the ground with others planned. Agents report increasing interest in recent months from companies in north and central London considering relocation. The town is clearly well placed to benefit from the accelerating trend by national companies to move their headquarters to cheaper locations outside the capital.

Northampton gained a major boost by the decision by Lummus, the UK subsidiary of Combustion Engineering, to take 160,000 sq ft at Greystones House. The move is one of the biggest commercial relocations so far in the UK. Lummus employs 500 and hopes to expand to take on a further 300.

One of the reasons for the move was to gain space for expansion. Negotiations for the deal took six months but justified the determination of the Development Corporation as letting agent and the borough council as owners to hold on for a single tenant.

Greystones House had stood empty for some time but there was confidence that its merit would eventually attract the right tenant. The three-storey building rises above the main bus station, adjoining the successful Grosvenor shopping centre.

Agents Wilson & Partners say that 1982 marked a year of consolidation following the large take-up of space towards the end of the previous year. Rents held firm, achieving from £4.50 to £4.75 a sq ft on prime lettings.

Development is underway on two projects in Cliftonville, close to the town centre: Princess House offers 21,500 sq ft and Elfin House 17,000 sq ft.

While conceding that forecasts early last year of a sharp rise in rents were not realised because of the continued recession, agents argue there is likely to be an improvement this year. They point in particular to the demand from London, more optimism about the economy in a likely election year and Northampton's attractions just 60 miles to the north of London.

Milton Keynes, a few miles to the south along the main M1 corridor, is clearly a serious competitor but Northampton can still point to a real advantage for comparable accommodation.

The performance of the letting market over the next few months will clearly be crucial to the timing of developments. Wilson & Partners draw attention to advanced plans for two projects of 63,000 sq ft and 69,000 sq ft both close to the town centre.

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THE EXPANSION PROGRAMME

1968: Northampton designated for expansion under the New Towns Act.
1970 building work starts
Housing: 19,190 new homes
Factories and Warehouses: 9m sq ft
Office: 1.67m sq ft
Shops: 1m sq ft
Roads: 36 miles
Schools and colleges: 28
Jobs: up by 18,000 to 58,000
Population: up 26,000 to 159,000
1990: Forecast of 180,000 by 1990
December 31, 1984, development corporation to be wound up.

Housebuilding keeps steady pace

Northampton's private housebuilding sector, because of the expansion programme and the continued relocation of companies, has escaped the worst impact of recession. Development has continued and work is currently under way on at least 30 sites throughout the town, covering everything from starter homes to luxury houses in the £70,000-plus category.

Indeed, agents report that since just before Christmas there has been an upturn in demand across the full range of properties. Perhaps the sector that remains most sluggish is the large detached houses costing more than £50,000.

The most active market is in the £20,000 to £30,000 price range which includes semi-detached houses on established estates and three-bedroom detached new houses.

The fall in mortgage rates is the obvious factor to which agents point to explain the renewed demand. They are confident the market will hold up with prospective house

purchasers expecting some encouragement from the Budget. Any move by the Government to raise tax relief on mortgages above the present £25,000 limit would clearly provide a boost.

One interesting trend is that throughout the recession demand has held up for the individual building plots sold by the development corporation on which purchasers erect their own purpose-built homes. Plots cost anything from £15,000 to £25,000 according to size and location.

The issue of keen concern for developers, however, is the Development Corporation's sales of building land as it moves towards its target rundown date of December 31 1984.

The corporation is currently negotiating with developers about the sale of some 43 sites, the biggest of which is 40 acres. The fact so much land is on the market has not depressed prices but because the sales are controlled and builders need to restock their landbanks

instead of depending for supply upon the Development Corporation.

Builders, and there are 30 or so active in Northampton at any one time, generally require a landbank of anything from three to five years. For the past decade developers have not needed to carry this cost as they could turn to the Development Corporation, the dominant landowner, according to market demands.

Comfortably

The interest by developers, and sales so far by the Development Corporation, suggests the disposal of housing land should be achieved comfortably by the end of next year.

Housing land values have gradually climbed back—ignoring the important factor of inflation—to the levels achieved in the boom of 1973 of around £40,000 an acre. Prices dropped back sharply to only £25,000 an acre by 1975. Clearly present day prices

will vary according to the density, type of development, and location. The range could be anything from £25,000 to £40,000 an acre.

The Development Corporation, which over the past decade has built more than 8,000 houses to rent, recently halted its construction programme. The responsibility for public sector housing will rest entirely with the borough council.

The management of the Development Corporation's housing stock from the outset was given to the local authority under Northampton's unusual partnership scheme for expansion. That arrangement should now simplify the transfer of ownership to the borough council.

In previous New Towns ownership has unusually passed for a transitional period to the new town commission, but that body is itself being phased out. House sales by the Development Corporation to tenants already total 1,500 and are continuing apace.

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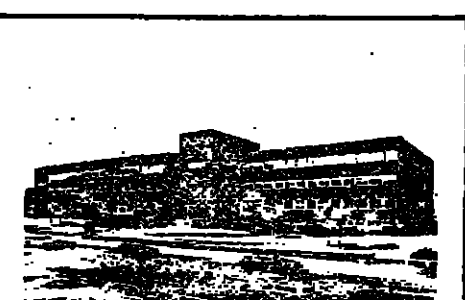
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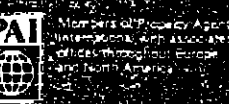
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Britannia Gr. of Unit Trusts Ltd. (a King's
Solicitors, House, 31, Abchurch Lane, London EC2
01-638 0478 0479 or 01-588 2777
Bulmers, Vincent, 01-673 0098

FT UNIT TRUST INFORMATION SERVICE[illegible]

TRADED OPTIONS

Option		CALLS			PUTS		
		Apr.	Jul.	Oct.	Apr.	Jul.	Oct.
SHL (USP 442)	360	88	—	—	—	—	—
"	390	52	60	66	8	8	12
"	420	26	40	44	18	20	24
"	460	8	16	22	26	40	42
CALLS							
PUTS							
Option		May	Aug.	Nov.	May	Aug.	Nov.
SHL (USP 438)	360	77	85	—	3	—	—
"	390	47	57	—	8	15	—
"	420	26	35	47	18	27	40
"	460	18	32	30	50	55	65
MP (USP 135)	90	24	—	—	1	—	—
"	100	24	—	—	1	—	—
"	110	15	18	—	5	—	—
"	120	9	18	16	7	10	—
"	130	9	18	16	7	12	19
"	180	4 1/2	8	11	15	17	—
MO (USP 370)	260	32	45	67	17	27	30
"	280	22 1/2	44	44	24	34	40
"	300	18	17	—	40	—	—
"	330	6	12	—	67	74	—
"	360	2	—	—	92	—	—
"	390	2	—	—	122	—	—
LNR (USP 91)	80	12	13	15	8	—	5
"	90	5 1/2	9	9	7 1/2	10	12
"	100	2	4 1/2	6	15	17	19
MO (USP 124)	100	28	29	—	2	—	—
"	110	19	—	—	6	6	—
"	120	16	14	16	6	11	14
"	130	12	8	11	11	19	22
"	140	4	—	—	19	—	—
"	180	1	—	—	27	—	—
NCL (USP 464)	460	37	47	60	32	36	35
"	500	30	32	45	45	26	60
"	560	8	15	—	90	92	—
"	500	31 1/2	8	—	142	142	—
"	650	2	—	—	190	—	—
RTZ (USP 524)	590	140	—	—	—	2	—
"	420	110	115	—	1	2	—
"	380	80	80	—	8	—	—
"	500	50	52	75	20	30	37
"	550	26	27	52	45	55	42
VRF (USP 129)	50	—	—	—	1	—	—
"	55	—	—	—	1	—	—
"	60	—	—	—	1	—	—
"	70	—	—	—	1	—	—
"	80	—	—	—	1	—	—
"	90	—	—	—	1	—	—
"	100	—	—	—	1	—	—
"	110	—	—	—	1	—	—
"	120	—	—	—	1	—	—
"	130	—	—	—	1	—	—
"	140	—	—	—	1	—	—
"	150	—	—	—	1	—	—
"	160	—	—	—	1	—	—
"	170	—	—	—	1	—	—
"	180	—	—	—	1	—	—
"	190	—	—	—	1	—	—
"	200	—	—	—	1	—	—
"	210	—	—	—	1	—	—
"	220	—	—	—	1	—	—
"	230	—	—	—	1	—	—
"	240	—	—	—	1	—	—
"	250	—	—	—	1	—	—
"	260	—	—	—	1	—	—
"	27						

Feb. 17	Total Contracts	1,785	CALLS	1,369	PUTS	414
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**Room F.1,
The Multiple Sclerosis Society of G.B. and N.I.,
286 Munster Road,
Fulham, London SW6 6BE.**

or Laurence Allen, Financial Times, 75 Rockefeller Plaza, New York, N.Y. 10019.
Tel: (212) 480 8300. Telex: 728 400 FTTZ 1.

INSURANCE & OVERSEAS MANAGED FUNDS

71. Lombard St., E.C. 1			L.T. Management Ltd.			Insurance & Overseas Managed Funds			Henderson Pk. Mgrs. (C.I.) Ltd.			Guthrie/Hendrickson Commodities		
01-0231208			In February Group, Ltd. EC2M 701 01-028 8131						01-0231208			01-0231208		
British National Life Assurance Co. Ltd.			General Portfolio Life Ins. Co. Ltd.			London A'Gren & Ndw. Mtl. Assur. Ltd.			Royal Bank of Canada Funds			Save & Prosper International		
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British National Life Assurance Co. Ltd.			General Portfolio Life Ins. Co. Ltd.			London A'Gren & Ndw. Mtl. Assur. Ltd.			Royal Bank of Canada Funds			Save & Prosper International		
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British National Life Assurance Co. Ltd.			General Portfolio Life Ins. Co. Ltd.			London A'Gren & Ndw. Mtl. Assur. Ltd.			Royal Bank of Canada Funds			Save & Prosper International		
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British National Life Assurance Co. Ltd.			General Portfolio Life Ins. Co. Ltd.			London A'Gren & Ndw. Mtl. Assur. Ltd.			Royal Bank of Canada Funds			Save & Prosper International		
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British National Life Assurance Co. Ltd.			General Portfolio Life Ins. Co. Ltd.			London A'Gren & Ndw. Mtl. Assur. Ltd.			Royal Bank of Canada Funds			Save & Prosper International		
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British National Life Assurance Co. Ltd.			General Portfolio Life Ins. Co. Ltd.			London A'Gren & Ndw. Mtl. Assur. Ltd.			Royal Bank of Canada Funds			Save & Prosper International		
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British National Life Assurance Co. Ltd.			General Portfolio Life Ins. Co. Ltd.			London A'Gren & Ndw. Mtl. Assur. Ltd.			Royal Bank of Canada Funds			Save & Prosper International		
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British National Life Assurance Co. Ltd.			General Portfolio Life Ins. Co. Ltd.			London A'Gren & Ndw. Mtl. Assur. Ltd.			Royal Bank of Canada Funds			Save & Prosper International		
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British National Life Assurance Co. Ltd.			General Portfolio Life Ins. Co. Ltd.			London A'Gren & Ndw. Mtl. Assur. Ltd.			Royal Bank of Canada Funds			Save & Prosper International		
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British National Life Assurance Co. Ltd.			General Portfolio Life Ins. Co. Ltd.			London A'Gren & Ndw. Mtl. Assur. Ltd.			Royal Bank of Canada Funds			Save & Prosper International		
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British National Life Assurance Co. Ltd.			General Portfolio Life Ins. Co. Ltd.			London A'Gren & Ndw. Mtl. Assur. Ltd.			Royal Bank of Canada Funds			Save & Prosper International		
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British National Life Assurance Co. Ltd.			General Portfolio Life Ins. Co. Ltd.			London A'Gren & Ndw. Mtl. Assur. Ltd.			Royal Bank of Canada Funds			Save & Prosper International		
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British National Life Assurance Co. Ltd.			General Portfolio Life Ins. Co. Ltd.			London A'Gren & Ndw. Mtl. Assur. Ltd.			Royal Bank of Canada Funds			Save & Prosper International		
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OFFSHORE AND OVERSEAS

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SECTION III CONTENTS

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SECTION III - INTERNATIONAL MARKETS

FINANCIAL TIMES

Friday February 18 1983

WALL STREET

Worry of an oil price whirlpool

OIL PRICE worries surfaced in New York stock investors' minds yesterday, to a large extent submerging the monetary submissions with which the markets have in recent days been saturated.

The "Opec problem" was widely cited as an unsettling influence which Mr John J. Smith, partner in Fehnestock and Co, said was "causing profit-taking and forcing the institutions to the sidelines. The oils represent a big chunk of the dollar value in blue chips, making them a dominating influence." At Stifel Nicolaus Mr Alfred Harris, senior vice-president, attributed the market's nervous mood to "the spectre of oil prices falling more sharply than anticipated."

Although in the longer term this would exert downward pressure on the inflation rate, the current severity of international debt burdens would give rise to strains even within the U.S., he added.

The Dow Jones industrial average managed a 1.48 gain to 1,088.91 after being between three and 7½ points lower for the majority of the session, but this was not an adequate reflection of the broad-

er market where declines outnumbered advances by a margin of three to two.

Volume remained on the low side at 75.1m shares against Wednesday's 82.1m, already below recent levels.

Some technologies regained strength nonetheless. NCR climbed \$5 to \$107, Digital Equipment \$2½ to \$128½ and Texas Instruments \$2½ to \$171.

But of the oils, Mobil ended off ¾ at \$27½ and Gulf ¾ at \$33½. Standard of Indiana succeeded in a ¾ rise against the trend to \$42.

Ford, which later announced curtailed losses, closed ¾ lower at \$40½.

Follow-through buying in the credit markets failed to materialise at the higher levels reached on Wednesday, and an easier bias began to emerge.

Trading slowed ahead of the auction later yesterday of \$7.75bn in one-year bills, expected in some quarters to produce a yield on the firm edge of 8.30 per cent.

Rates on outstanding one-year bills moved a lone basis point harder to 8.28 per cent. Meanwhile the 9½ per cent Treasury notes of 1985, sold the previous day, traded at 99½, in line with the average auction price of 99.849.

This was against the background of an uncomfortable continuing firmness in Fed Funds. After a Wednesday average of 9 per cent slightly below that in the latter part of the day - the rate began a new statement week at 8½.

It did soften further to 8½ after the Fed arranged five-day repurchase agreements, a more extensive than usual operation to supplement reserves which was unexpected by some dealers but

had little immediate impact on the market.

Dealers said Mr Volcker's testimony had allayed concern that the Fed might tighten policy in response to a strong recent bulge in money supply. Few took any of this to imply an early cut in the discount rate, however, and no consistent rally followed.

Resource issues bore the brunt of an otherwise muted decline in Toronto, distributed fairly evenly among golds, base metals and oils. Montreal was balanced by subdued strength in banks and papers.

LONDON

Scarcity of cash disheartens

SUBSTANTIAL cash shortages, and disappointment with what was seen as a feeble response by U.S. financial markets to the Federal Reserve targets, cooled investment ardour in London equities yesterday. Blue chips followed Wall Street's overnight example and moved lower, with the FT industrial ordinary index losing ground at each calculation to close 5.7 down at 850.3.

Volume of business contracted, although some sectors encountered a fair amount of selling. Composite insurances, for instance, weakened markedly on speculation that Commercial Union, with a preliminary statement due next Tuesday, was experiencing problems in its North American operations. Worries about the extent of losses incurred through the Australian bush fires were an additional depressant. CU gave up 3p to 12p.

Conservation of funds for the Superdrug Stores' offer for sale again affected trade. Dealings commenced on Wednesday.

Government stocks momentarily resisted the dullness before easing back with sterling, its exchange rate affected by anticipations of North Sea oil price cuts today. The shorts were actively traded, despite talk of a near-50 per cent application for the new short tap stock, Exchequer 10½ per cent 1987 A, in which dealings began this morning in £30-paid form.

FAR EAST

Leaders become laggards

RENEWED vigour for the yen against the U.S. dollar failed to awaken sentiment in Tokyo international populars yesterday as concern persisted among investors about the high levels of margin debt being run up by buyers on the exchange.

Mining issues, by contrast, continued their advance - even Mitsubishi Metal, where the authorities on Wednesday tightened margin trade regulations. It was volume leader on 41.39m shares and ended Y14 ahead at Y494. Sumitomo Mining added Y30 to Y1,520 but profit-takers moved in on Mitsui Mining and Smelting, a recent favourite.

This disparity was reflected in opposing directions for the Nikkei-Dow Jones market average, down 39.14 to 8,106.27, and the Tokyo SE index, 0.8 firmer at 589.35. Volume was a moderately active 480m units.

Although selling did not reach any great intensity, market leaders in the vehicle, precision, computer and light electrical sectors wound up lower almost without exception.

But the yen's rise did provide impetus for oil and electric power companies. Daikyo Oil improved Y16 to Y381 and Tokyo Electric Power was Y30 stronger at a peak Y1,150.

Honda, faced with a possible earnings slowdown, led car makers down Y31 to Y928, while Isuzu shed Y21 to Y365.

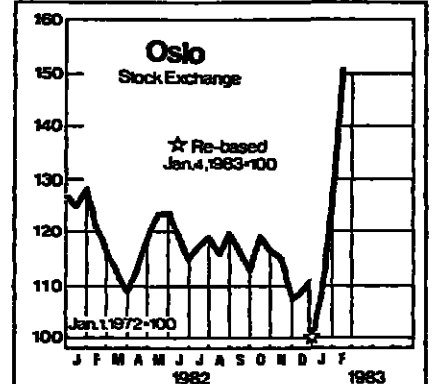
Government bond prices eased in the afternoon, while in the corporate market Sony announced a 5.2 per cent coupon on its Y45bn of unsecured convertible issue. Conversion price was set at Y3,470 against a closing level for its stock yesterday of Y3,260, down Y40.

Banks and properties predominated in an active day in Hong Kong but gains were regarded as being mainly of a technical nature. Nonetheless, Bank of East Asia had a second scintillating day with a HK\$3.70 surge to HK\$33. Hang Seng

and Wing Lung each added a dollar to HK\$54 and HK\$48.25 respectively.

Singapore, described by one broker as overbought, fell victim to scattered profit-taking but buying remained in healthy evidence. The Straits Times industrial index managed a 4.57 increase to 815.86.

Cold Storage continued higher, nine cents up at S\$5.05, but banks there held back.



EUROPE

Evaluation day for the technicians

CORRECTIONS and consolidations were responsible for much of bourse activity yesterday as investors cast anxious sidelong glances at the indecision exhibited in New York over pronouncements from the U.S. Federal Reserve.

Bargain hunters in Frankfurt, taking the reins from the profit-takers who had held sway on Wednesday, were encouraged by a revival in the D-Mark against the dollar.

Few operators had been relying on any dramatic moves to emerge from the weekly Bundesbank central council meeting so close to the March 8 elections, and its decision not to tamper with credit policy consequently brought little disappointment.

In steels, Klöckner was adjusted DM 3.30 upward at DM 36.80 after a DM 10 slide through the week on liquidity

fears. Thyssen, on the other hand, eased DM 1.10 to DM 69.70 and Hoesch 10 pf to DM 33.10.

Domestic bonds improved an average quarter-point and the Bundesbank was able to sell DM 52m of public paper.

The second day of the Milan monthly account produced technical factors which intensified pressure to liquidate the many holdings which have shown a substantial enhancement in value over the past week or more.

Fiat fell L79 to L2,261. Olivetti L121 to L2,699 and Italcementi L300 to L38,200. Centrale and Snia Viscosa were the most successful in bucking the trend, while convertibles were slightly higher in an equally busy bond market.

Special situational and speculative issues drew the bulk of attention in Zurich, providing a steadier overall tone. Among those sought in financials were Pargesa, up SwFr 50 at SwFr 1,410, and Galenica, SwFr 10 ahead at SwFr 375. A weaker franc led to an irregular easing in the bond market, where Norsk Hydro launched a SwFr 100m offering with a maximum 15-year maturity. In a surging Oslo market its stock put on a further Nkr 4.50 to Nkr 289, a two-day jump of Nkr 16.50.

Other strong issues there were Borregaard, up Nkr 8 to Nkr 123, and Norsk Data, Nkr 18 higher at Nkr 239. The exchange index added 1.61 to 151.27.

Stockholm also continued strongly, with rises of Skr 8 each for AGA at Skr 350 and Saab-Scania at Skr 282. Recently favoured Asea this time held steady, however.

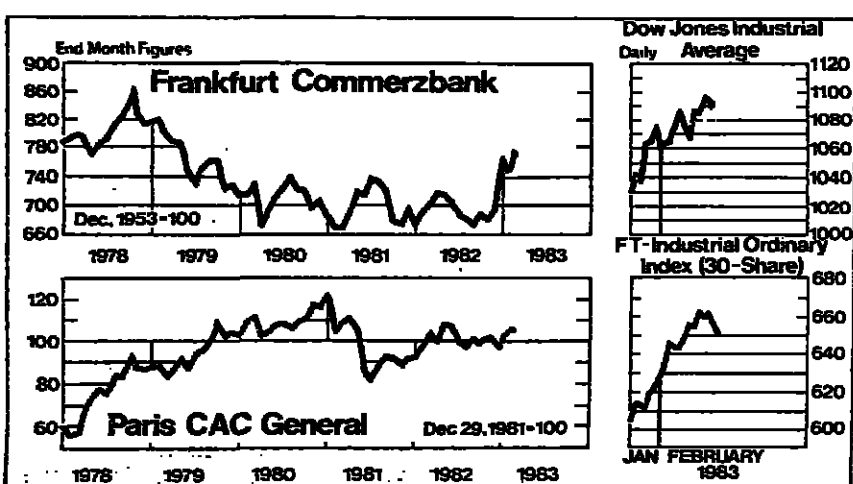
Profit-takers brought a downward shift for Amsterdam in brisk dealings focused on the Dutch internationals. KLM finished Fl 2.80 lower at Fl 150.20 and Unilever Fl 2.70 at Fl 196.30. Hoogovens, a possible beneficiary of Europe's steel shake-out, added 50 cents to Fl 21.0.

Investment funds, banks and insurers showed modest losses, while domestic bonds traded narrowly.

A mixed-to-lower picture emerged in Paris, depressed by a call money rate again approaching 13 per cent. Cement group Lafarge-Coppée shed Ffr 10 to Ffr 255 despite prospects of profitable American involvements.

The same was true of Brussels, where holding company issues performed well but steels lower and chemicals irregular. Madrid, due for an upturn, was led cautiously firmer by the electrical sector.

KEY MARKET MONITORS



STOCK MARKET INDICES

NEW YORK	Feb 17	Previous	Year ago
DJ Industrials	1088.91	1087.43	827.83
DJ Transport	478.89	478.16	346.85
DJ Utilities	123.94	124.08	105.07
S&P Composite	147.43	147.43	113.69

LONDON	Feb 17	Previous	Year ago
FT Ind Ord	850.3	850.0	562.2
FT-A All-shares	406.37	409.90	325.09
FT-A 500	441.23	444.53	344.43
FT-A Ind	414.23	417.29	315.16
FT Gold mines	721.9	733.6	262.5
FT Govt secs	79.58	79.75	85.55

TOKYO	Feb 17	Previous	Year ago
Nikkei-Dow	8108.27	8146.41	7644.39
Tokyo SE	589.35	590.23	566.50

AUSTRALIA	Feb 17	Previous	Year ago
All Ord	518.7	515.2	505.6
Metals & Mins.	470.9	464.1	365.0

AUSTRIA	Feb 17	Previous	Year ago
Credit Aktien	48.69	48.71	54.65

BELOMINE	Feb 17	Previous	Year ago
Belgian SE	108.11	108.17	96.33

CANADA	Feb 17	Previous	Year ago
Toronto Composite	2135.9	2147.5	1658.5

MONTECARLO	Feb 17	Previous	Year ago
Industrials	364.58	368.16	291.12
Combined	363.23	365.66	274.9

DENMARK	Feb 17	Previous	Year ago
Copenhagen SE	108.6	107.57	97.56

FRANCE	Feb 17	Previous	Year ago
CAC Gen	105.1	105.9	109.8
Ind. Tendance	109.1	109.7	122.4

WEST GERMANY	Feb 17	Previous	Year ago
FAZ-Aktien	256.82	259.36	227.52
Commerzbank	771.6	768.4	694.8

HONG KONG	Feb 17	Previous	Year ago
Hang Seng	974.22	944.32	1233.46

ITALY	Feb 17	Previous	Year ago
Banca Comm.	199.20	206.95	191.55

NETHERLANDS	Feb 17	Previous	Year ago
ANP-CBS Gen	111.5	112.6	87.0
ANP-CBS Ind	97.5	98.8	88.8

NORWAY	Feb 17	Previous	Year ago
Oslo SE	151.27	149.86	108.23

SINGAPORE	Feb 17	Previous	Year ago
Straits Times	815.86	811.29	742.42

SOUTH AFRICA	Feb 17	Previous	Year ago
Golds	990.2	1012.8	499.4
Industrial	847.4	846.2	708.0

SPAIN	Feb 17	Previous	Year ago
Madrid SE	103.26	102.4	105.69

SWEDEN	Feb 17	Previous	Year ago
J & P	1189.84	1175.25	597.78

SWITZERLAND	Feb 17	Previous	Year ago
Swiss Bank Ind	308.1	307.5	244.1

GOLD (per ounce)

	Feb 17	Previous	Year ago
London	\$504.00	\$508.50	\$508.50
Frankfurt	\$505.00	\$508.50	\$508.50
Zurich	\$505.50	\$508.50	\$508.50
Paris	\$507.56	\$508.36	\$508.36
New York futures (Feb)	\$502.80	\$505.70	\$505.70

CURRENCIES

U.S. DOLLAR	Feb 17	Previous	Feb 17	Previous
£	1.5425	1.5490	-	-
DM	2.3975	2.3890	3.70	2.3890
Yen	233.30	232.75	360	232.75
FFr	6.8025	6.7725	10.49	6.7725
SwFr	1.9825	1.9825	3.07	1.9825
Guilder	2.6500	2.6410	4.09	2.6410
Lira	1382	1379	2131	1379
BPr	47.26	47.13	72.90	47.13
CS	1.2252	1.2235	1.8895	1.2235

INTEREST RATES

Euro-currencies (three month offered rate)	Feb 17	Prev
£	11½	11½
SwFr	3	3
DM	5	5
FFr	24	23½

FT London Interbank fixing (offered rate)

3-month U.S.\$	9½	9½
6-month U.S.\$	9¾	9¾
U.S. Fed Funds	8½	8½
U.S. 3-month CDs	8.70	8.70
U.S. 3-month T-bills	8.08	8.19

FINANCIAL FUTURES

	Latest	High	Low	Prev
CHICAGO				
U.S. Treasury Bonds (CBT)				
8½ \$100,000 30yds of 100%	75-01	75-04	74-12	74-09
March	91.99	92.03	91.88	91.88
U.S. Treasury Bills (IMM)				
\$1m points of 100%	91.99	92.03	91.88	91.88
March	91.99	92.03	91.88	91.88
U.S. Treasury Notes (IMM)				
\$1m points of 100%	91.99	92.03	91.88	91.88
March	91.99	92.03	91.88	91.88

LONDON	Feb 17	Previous	Year ago
Three-month Eurodollar	90.91	90.95	90.87
\$1m points of 100%	90.91	90.95	90.87
March	90.91	90.95	90.87
20-year National Gilt	101-23	102-18	101-16
March	101-23	102-18	101-16
Three-month Sterling Deposit	89.41	89.44	89.38
£250,000 points of 100%	89.41	89.44	89.38
March	89.41	89.44	89.38

LONDON COMMODITY MARKETS	Feb 17	Previous	Year ago
Silver (spot fixing)	947.4p	948.65p	-
Copper (cash)	£1083.00	£1094.50	-
Coffee (March)	£1689.00	£1684.00	-
Oil (spot Arabian light)	\$29.72	\$29.62	-

U.S. Treasury 2-year Notes	Feb 17	Previous	Year ago
Average yield at auction	14½	14½	14½
March	14½	14½	14½

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Average yield at auction	14½	14½	14½
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Average yield at auction	14½	14½	14½
March	14½	14½	14½

U.S. Treasury 2-year Notes	Feb 17	Previous	Year ago
Average yield at auction	14½	14½	14½
March	14½	14½	14½

U.S. Treasury 2-year Notes	Feb 17	Previous	Year ago
Average yield at auction	14½	14½	14½
March	14½	14½	14½

Closing falls in gilts ranged to about ½ at both ends of the market with index-linked on this occasion resisting the trend. After recent easiness on the view that the sector was dear in relation to conventional gilts, most index-linked quotations regained a half.

The battle for control of High Street retailer UDS took a surprise turn when Hanson Trust entered the fray with a share-exchange offer which gained the recommendation of the UDS board. Hanson closed 8p down at 192p, valuing UDS at 120p per share or 8p above a rival offer from the Bassishaw consortium. UDS, briskly traded, closed 7p dearer at 117p.

A subdued mining market was featured by renewed heavy selling of Consolidated Gold Fields, 13p down at 535p on persistent rumours of a possible rights issue with the interim results on March 9.

South African golds ran out of steam, with recent favourite Randfontein dipping 1½ to £98½.

Share information service, Pages 34-35

AUSTRALIA

Bargain hunt

CHEAPER priced issues changed hands more rapidly in Sydney than the more expensive end of the market - as reflected in a turnover totalling 24.08m issues but worth only A\$11.69m instead of the usual rough parity - but heavyweight miners were not neglected.

CRA was up 15 cents to the A\$4 mark, EZI 14 to A\$5.24 and BHP 10 to A\$6.60. Golds were inconsistent, however, with a 16 cent gain for Peko, also at A\$6.60, but a 10 cent retreat by Central Norseman to A\$9.90.

Melbourne broker McIntosh Griffin Hanson reportedly secured at least 14.5m shares in Myer Emporium for a client who was prepared to pay up to A\$1.40 each. The Sydney closing level for the department store group was A\$1.35, up three cents.

SOUTH AFRICA

Cautious slip

CAUTION was the watchword in Johannesburg as market participants awaited details from Cape Town on the Government's mini-budget. At the same time, though, a decline in the bullion price forced gold shares to drift lower through the day.

Randfontein shed R5 at R169 while financials

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Sales figures are unofficial yearly highs and lows reflect previous 52 weeks plus the current week, but not the late trading day. Where a split or stock dividend amounting to per cent or more has been paid, the year's high-low range a dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based the latest declaration.

COMMODITIES AND AGRICULTURE

U.S. urged to step up farm trade war

BY NANCY DUNNE IN WASHINGTON

U.S. SENATORS and congressmen, exasperated by the lack of progress towards an agreement with the EEC on agricultural export subsidies, called for retaliatory legislation to recapture lost markets.

"We're in a trade war. The time has come for the U.S. to stop retreating," Senator Howell Heflin, an Alabama Democrat, told the Senate Agriculture Committee.

One by one, senators and witnesses before the committee echoed his militancy, urging the committee to act quickly. Senator Robert Dole, Finance Committee Chairman, called for more deals like the subsidised sale of wheat-four to Egypt.

"The EEC sees our country as one which cries wolf and acts like a paper tiger," said Senator Charles E. Grassley, Republican from Iowa. "The EEC's right to swing their export-subsidy fist at Uncle Sam's nose," said Jesse Helms, committee chairman.

The committee heard testimony on eight bills designed to promote U.S. agriculture exports. Senator Helms' bill requires the Government to sell

150,000 tonnes from the dairy stockpile in 1983, 1984 and 1985. Proceeds from the sales would be used for export assistance to equalise the price and credit subsidies of other nations on their agricultural exports.

The poultry industry, which filed a petition to GATT in September 1982 against EEC subsidies, received a sympathetic hearing.

Mr. Lee Campbell, president of the Poultry and Egg Institute of America, said the industry's exports fell drastically in 1982. Exports of broilers dropped 71 per cent, shell egg volume 30 per cent and egg products were off 45 per cent.

Mr. George B. Watts, president of the National Broiler Council, claimed that the EEC spent \$74m for poultry export subsidies in 1981 and over 190m was budgeted in 1982.

Agriculture Department will act soon to push poultry exports through some sort of subsidy programme. One bill, which has considerable support, an export payment in-kind programme, would benefit poultry producers by giving them feed from government stocks.

Cocoa estimate reduced

BY RICHARD MOONEY

THE U.S. Department of Agriculture (USDA) has cut its estimate of 1983-84 world cocoa production by 151,000 tonnes to 1.55m because of adverse weather in the main producing areas.

The figure is still 11,000 tonnes above that predicted by London trade house Gilling and Duffus at the beginning of this month. Gilling and Duffus expected a net production deficit of 78,000 tonnes for 1983-84.

The USDA said 58 per cent of the cut was accounted for by West African nations. The Ivory Coast, main crop had matured too early, it said, and with the mid-crop expected to be below normal the total was put at 370,000 tonnes, down

from a record 456,000 tonnes in 1981-82. Ghana, where dry weather and bag shortages have caused problems, production is estimated at 190,000 tonnes.

Dry weather is also blamed for an expected cut in Brazilian cocoa production. The USDA said the temperate crop would be well below last year's 190,000 tonnes record but a larger main crop could offset some of the reduction, which is expected to leave the total at 280,000 tonnes, down from 315,000 in 1981-82.

The Department has raised its estimate of the 1983-84 Brazilian coffee crop by 12 per cent from its previous forecast to between 30m and 33m bags.

Farmland is 'poor hedge' against inflation

BRITISH farmland has proved

a poor hedge against inflation in recent years, according to the latest issue of Farmland Market magazine.

Though the average price for vacant possession farmland in England and Wales reached a record level in the final quarter of 1982 in real terms the prices were well below those reached in 1979, it said.

Prices rose by 4.1 per cent in 1980, fell 4.3 per cent in 1981 and rose 6.9 per cent in 1982. But the inflation rate in those years was 15.1 per cent, 12 per cent and 5.4 per cent.

TWO senior government representatives will sit on the decision-making committee of the Gold Exchange of Singapore (GES) in a move to tighten official surveillance of the bullion market.

The move follows a full-scale investigation by the Monetary Authority of Singapore (MAS) into the accounts of 24 gold trading firms after public allegations of widespread unethical practices in the bullion market.

The allegations claimed that unnamed firms with Hong Kong head offices had incurred losses for clients in unauthorised deals or absconded with cash deposits.

RUDOLF WOLFF, metal and commodity brokers, has expanded their operations in West Germany with the acquisition of their former agent Alster Metall-Und Handelsge.

This follows their recent purchase of Galdenberger International in Zurich and Frankfurt.

INDIA'S groundnut output in the 1982-83 crop year ending October is expected to be 3m tonnes, which would be down on the 4.38m tonnes of the previous year, traders said.

An erratic monsoon and continuing drought have affected major groundnut areas.

The kharif (winter) and rabi (summer) groundnut crops in 1982-83 are forecast at 1.8m and 1.2m tonnes respectively, against 2.7m and 1.6m the previous season.

FARMER'S VIEWPOINT

The case for Community production quotas

BY JOHN CHERRINGTON, AGRICULTURE CORRESPONDENT

DURING the National Farmers Union annual meeting last week, there was a demand for quotas on production of some items in surplus, in this case milk. The motion was lost, but there is no doubt that while the establishment at the moment believes in maximising production, there is a growing element among farmers who wonder just how much further it can go.

To some extent these doubters are farmers whose output is at the maximum capacity of either their farms or themselves. They would be quite happy to carry on farming at present output, rather than try to increase production only to see returns diluted by co-responsibility levies or price reductions, as are proposed by the EEC Commission.

In the early 1960s the same argument was current. Milk production was rising and under the standard quantity system, which limited the export, the price of milk was falling.

The production reduced the average price per gallon of milk. I was dairying at the time. I was all for a quota system which would maintain the price for a given

volume and make those farmers who were producing the surplus suffer the lower prices their own over production would bring.

Lord Soames, the Minister of Agriculture at the time, thought he had secured the NFU's Agreement and EEC arrangement of this kind. But any move by the NFU in this direction was demolished by dairy farmers, encouraged by the Milk Marketing Board. The Board was obviously interested, as it is today, in keeping its factories working, and most farmers are increasing their own efficiency in the only way they know, by pouring out more milk.

They also claim that as long as Britain still imports 25 per cent of its dairy products, namely milk, butter and cheese, there is no sense in restricting British production.

This argument conveniently forgets that Britain is part of Europe, and that although there is an over all shortage in the UK, the Community as a whole is producing 20 per cent more than it consumes. Even if the New Zealand quota were

abolished, its place would soon be taken by the steadily increasing production in the Community.

Another rather way out suggestion being ventilated is that to reduce excess production of cereals and sugar, the price of nitrogen should be raised substantially, by some £100 a tonne. If only half the supply of this fertiliser were to be applied production would fall significantly.

So one of the many correspondents who have been writing to me claims prices would rise and allow for a much more environmentally balanced farming.

There is nothing new about quota systems as a means of keeping up farm prices. For 40 years the Hops Marketing Scheme kept hop growers reasonably content by means of individual quotas. Once farmers had harvested their annual quota he left the rest on the vines. Quotas were attached to farms and were saleable. This situation has been brought to a close following Britain joining the EEC, but hop growers have managed to survive, partly because it is an expensive form of husbandry to embark on.

During a period of depression

in the 1970s both Australian and Canadian farmers had to be controlled by quotas on deliveries of cereals. These were at a guaranteed price, the balance could be sold on the free market at about half the export price. In many countries there are quota or two priced systems for milk. Usually there is a high price for the proportion of milk sold for town supply, with the balance at manufacturing levels.

It is certain that the EEC Commission is looking at the whole situation with added urgency now that 1982 production has broken all records, and that all forecasts indicate this will be a continuing trend. There are few who believe that co-responsibility levies of 2 per cent for milk and less for cereals will do the trick. Quota systems are the only way to control production.

One suggestion is that countries in surplus production, which consequently adds to the budgetary burden, should pay more to Community funds than the scheme were implemented at present production levels. France in particular would pay a substantially higher subscription, and the Netherlands more

too. It is probable that a British government would go along with this idea.

A straight quota system on milk would probably only work in Britain, where the five milk marketing boards handle all milk. Elsewhere in Europe it would be more difficult as there are so many outlets.

The same factor would probably militate against the proposal that penalties for over production should only apply to the larger units; not only of milk but of cereals and other crops in surplus. The British, with the larger units, are naturally against this. But it is much favoured by the rest of the Community, particularly in France and Germany.

My guess is that nothing at all will be done significantly to control production. Only 10 budgetary cuts really out of hand and FEAGA, the farm fund, runs out of cash. Then someone will have the bright idea of making farmers themselves bear the costs of their own over production. This proposal, if doing nothing else, will concentrate farmers' minds very closely on quotas as an alternative.

Pressure to resolve fisheries pact

BY LARRY KLINGER IN BRUSSELS

BONN and Ottawa are pressing the European Commission to resolve the political differences over the EEC-Canada fisheries pact. The hope is for a resumption of the negotiations between the Commission and Ottawa.

Canada's interim quota allocations for West German fishermen are unlikely to be extended unless Ottawa receives satisfaction by the end of the month on guarantees for its fish-product exports to the EEC.

The bulk of which are destined for its traditional British market.

The dispute has taken on serious political overtones on both sides of the Atlantic, because it maintains that it is not linking the fishing campaign linked to the possible ban on skin imports in opposition to the annual "harvest" starting next month which involves the clubbing to death of young seals.

Nevertheless, the Canadian Government is under strong pressure from its fishing industry and the provincial administrations of Nova Scotia and Newfoundland, off which the seal catch also takes place, to take the strongest possible stand on both issues.

A double defeat in dealings with the EEC would be a serious political setback for Ottawa.

that this would be rectified acceptably this year.

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A double defeat in dealings with the EEC would be a serious political setback for Ottawa.

Boost for fish farming

BY FAY GJESTER

NORWEGIAN FISH farmers produced 4,700 tonnes of trout and 10,250 tonnes of salmon worth a total of Nkr 460m in 1982. In an experiment financed by the Norwegian Government, only 10 months feeding turned young cod weighing 600 to 800 grammes into high-quality table fish of 3.5 to 4 kilos.

The fishing ministry is keen to encourage production and processing of shell fish in Norwegian waters as a way of creating new jobs in the fisheries sector. The French oil concern Elf has a major stake in one company, Norsk Akvakultur, which is currently producing mussels at Austvoll, near Bergen. The company is also experimenting with cultivation of oysters.

Sounder is being considered by the industry. Cod has been successfully "farmed" in fenced off areas of a Norwegian fjord. In an experiment financed by the Norwegian Government, only 10 months feeding turned young cod weighing 600 to 800 grammes into high-quality table fish of 3.5 to 4 kilos.

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PRICE CHANGES

In tonnes	Feb. 17	+ or -	Month ago
Aluminium	2810.815	-	2810.815
Copper	10105.5	-	10105.5
Gold	1111.25	-	1111.25
Lead	1111.25	-	1111.25
Nickel	1111.25	-	1111.25
Platinum	1111.25	-	1111.25
Silver	1111.25	-	1111.25
Tin	1111.25	-	1111.25
Wool	1111.25	-	1111.25

LONDON OIL SPOT PRICES

Crude Oil	Feb. 17	+ or -	Month ago
Aramco	29.75	-	29.75
Iranian	29.75	-	29.75
Arabian Heavy	29.75	-	29.75
North Sea (Forties)	29.75	-	29.75
North Sea (Brent)	29.75	-	29.75
African Heavy	29.75	-	29.75

GAS OIL FUTURES

Month	Feb. 17	+ or -	Month ago
March	29.75	-	29.75
April	29.75	-	29.75
May	29.75	-	29.75
June	29.75	-	29.75
July	29.75	-	29.75
August	29.75	-	29.75
September	29.75	-	29.75
October	29.75	-	29.75
November	29.75	-	29.75
December	29.75	-	29.75

GOLD MARKETS

Gold Bullion (fine ounce)	Feb. 17	+ or -	Month ago
Closed	500.00	-	500.00
Opening	500.00	-	500.00
Morning Range	500.00	-	500.00
Afternoon Range	500.00	-	500.00

EUROPEAN MARKETS

	Feb. 17		Feb. 16	
Gold Bullion (fine ounce)				
Closed	\$503 1/2	\$504 1/2	\$508.509	(\$328.528 1/2)
Opening	\$506 1/4	\$507 1/4	\$509 1/4	(\$328.528 1/2)
Morning fixing	\$506		\$505.75	(\$328.518)
Afternoon fixing	\$504.75		\$505.50	(\$329.500)
Gold Coins Feb. 17				
Krugger	\$517.515	(\$335.335)	King Sov	\$119.120 (\$77.77 1/2)
	\$517.515			\$119.120 (\$77.77 1/2)

OIL AND GAS—Continued									
1942	High	Low	Stock	Price	%	Oil	Gas	Oil	Gas
22 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
23 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
24 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
25 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
26 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
27 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
28 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
29 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
30 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
31 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
32 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
33 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
34 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
35 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
36 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
37 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
38 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
39 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
40 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
41 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
42 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
43 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
44 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
45 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
46 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
47 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
48 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
49 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
50 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
51 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
52 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
53 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
54 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
55 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
56 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
57 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
58 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
59 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
60 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
61 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
62 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
63 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
64 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
65 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
66 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
67 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
68 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
69 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
70 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
71 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
72 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
73 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
74 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
75 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
76 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
77 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
78 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
79 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
80 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
81 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
82 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
83 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
84 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
85 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
86 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
87 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
88 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
89 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
90 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
91 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
92 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
93 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
94 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
95 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
96 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
97 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
98 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
99 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0
100 1/2	10	10	W. H. Smith & Co.	10	0	0	0	0	0

OVERSEAS TRADERS									
1942	High	Low	Stock	Price	%	Oil	Gas	Oil	Gas
11	106	106	Alman Labs.	128	0	0	0	0	0
12	106	106	Asac. Agenc.	50	0	0	0	0	0
13	106	106	Asac. Agenc.	50	0	0	0	0	0
14	106	106	Asac. Agenc.	50	0	0	0	0	0
15	106	106	Asac. Agenc.	50	0	0	0	0	0
16	106	106	Asac. Agenc.	50	0	0	0	0	0
17	106	106	Asac. Agenc.	50	0	0	0	0	0
18	106	106	Asac. Agenc.	50	0	0	0	0	0
19	106	106	Asac. Agenc.	50	0	0	0	0	0
20	106	106	Asac. Agenc.	50	0	0	0	0	0
21	106	106	Asac. Agenc.	50	0	0	0	0	0
22	106	106	Asac. Agenc.	50	0	0	0	0	0
23	106	106	Asac. Agenc.	50	0	0	0	0	0
24	106	106	Asac. Agenc.	50	0	0	0	0	0
25	106	106	Asac. Agenc.	50	0	0	0	0	0
26	106	106	Asac. Agenc.	50	0	0	0	0	0
27	106	106	Asac. Agenc.	50	0	0	0	0	0
28	106	106	Asac. Agenc.	50	0	0	0	0	0
29	106	106	Asac. Agenc.	50	0	0	0	0	0
30	106	106	Asac. Agenc.	50	0	0	0	0	0
31	106	106	Asac. Agenc.	50	0	0	0	0	0
32	106	106	Asac. Agenc.	50	0	0	0	0	0
33	106	106	Asac. Agenc.	50	0	0	0	0	0
34	106	106	Asac. Agenc.	50	0	0	0	0	0
35	106	106	Asac. Agenc.	50	0	0	0	0	0
36	106	106	Asac. Agenc.	50	0	0	0	0	0
37	106	106	Asac. Agenc.	50	0	0	0	0	0
38	106	106	Asac. Agenc.	50	0	0	0	0	0
39	106	106	Asac. Agenc.	50	0	0	0	0	0
40	106	106	Asac. Agenc.	50	0	0	0	0	0
41	106	106	Asac. Agenc.	50	0	0	0	0	0
42	106	106	Asac. Agenc.	50	0	0	0	0	0
43	106	106	Asac. Agenc.	50	0	0	0	0	0
44	106	106	Asac. Agenc.	50	0	0	0	0	0
45	106	106	Asac. Agenc.	50	0	0	0	0	0
46	106	106	Asac. Agenc.	50	0	0	0	0	0
47	106	106	Asac. Agenc.	50	0	0	0	0	0
48	106	106	Asac. Agenc.	50	0	0	0	0	0
49	106	106	Asac. Agenc.	50	0	0	0	0	0
50	106	106	Asac. Agenc.	50	0	0	0	0	0
51	106	106	Asac. Agenc.	50	0	0	0	0	0
52	106	106	Asac. Agenc.	50	0	0	0	0	0
53	106	106	Asac. Agenc.	50	0	0	0	0	0
54	106	106	Asac. Agenc.	50	0	0	0	0	0
55	106	106	Asac. Agenc.	50	0	0	0	0	0
56	106	106	Asac. Agenc.	50	0	0	0	0	0
57	106	106	Asac. Agenc.	50	0	0	0	0	0
58	106	106	Asac. Agenc.	50	0	0	0	0	0
59	106	106	Asac. Agenc.	50	0	0	0	0	0
60	106	106	Asac. Agenc.	50	0	0	0	0	0
61	106	106	Asac. Agenc.	50	0	0	0	0	0
62	106	106	Asac. Agenc.	50	0	0	0	0	0
63	106	106	Asac. Agenc.	50	0	0	0	0	0
64	106	106	Asac. Agenc.	50	0	0	0	0	0
65	106	106	Asac. Agenc.	50	0	0	0	0	0
66	106	106	Asac. Agenc.	50	0	0	0	0	0
67	106	106	Asac. Agenc.	50	0	0	0	0	0
68	106	106	Asac. Agenc.	50	0	0	0	0	0
69	106	106	Asac. Agenc.	50	0	0	0	0	0
70	106	106	Asac. Agenc.	50	0	0	0	0	0
71	106	106	Asac. Agenc.	50	0	0	0	0	0
72	106	106	Asac. Agenc.	50	0	0	0	0	0
73	106	106	Asac. Agenc.	50	0	0	0	0	0
74	106	106	Asac. Agenc.	50	0	0	0	0	0
75	106	106	Asac. Agenc.	50	0	0	0	0	0
76	106	106	Asac. Agenc.	50	0	0	0	0	0
77	106	106	Asac. Agenc.	50	0	0	0	0	0
78	106	106	Asac. Agenc.	50	0	0	0	0	0
79	106	106	Asac. Agenc.	50	0	0	0	0	0
80	106	106	Asac. Agenc.	50	0	0	0	0	0
81	106	106	Asac. Agenc.	50	0	0	0	0	0
82	106	106	Asac. Agenc.	50	0	0	0	0	0
83	106	106	Asac. Agenc.	50	0	0	0	0	0
84	106	106	Asac. Agenc.	50	0	0	0	0	0
85	106	106	Asac. Agenc.	50	0	0	0	0	0
86	106	106	Asac. Agenc.	50	0	0	0	0	0
87	106	106	Asac. Agenc.	50	0	0	0	0	0
88	106	106	Asac. Agenc.	50	0	0	0	0	0
89	106	106	Asac. Agenc.	50	0	0	0	0	0
90	106	106	Asac. Agenc.	50					

171	101	Stutenfuss 50c	1134	10250
172	102	Swiss 50c	1135	10250
173	103	Vaal 25c	1136	10250
174	104	Wald 50c	1137	10250
175	105	Western Alps R	1138	10250
176	106	Zeug 50c	1139	10250
177	107	Zurich 50c	1140	10250
178	108	Zeug 50c	1141	10250
179	109	Zeug 50c	1142	10250
180	110	Zeug 50c	1143	10250
181	111	Zeug 50c	1144	10250
182	112	Zeug 50c	1145	10250
183	113	Zeug 50c	1146	10250
184	114	Zeug 50c	1147	10250
185	115	Zeug 50c	1148	10250
186	116	Zeug 50c	1149	10250
187	117	Zeug 50c	1150	10250
188	118	Zeug 50c	1151	10250
189	119	Zeug 50c	1152	10250
190	120	Zeug 50c	1153	10250
191	121	Zeug 50c	1154	10250
192	122	Zeug 50c	1155	10250
193	123	Zeug 50c	1156	10250
194	124	Zeug 50c	1157	10250
195	125	Zeug 50c	1158	10250
196	126	Zeug 50c	1159	10250
197	127	Zeug 50c	1160	10250
198	128	Zeug 50c	1161	10250
199	129	Zeug 50c	1162	10250
200	130	Zeug 50c	1163	10250
201	131	Zeug 50c	1164	10250
202	132	Zeug 50c	1165	10250
203	133	Zeug 50c	1166	10250
204	134	Zeug 50c	1167	10250
205	135	Zeug 50c	1168	10250
206	136	Zeug 50c	1169	10250
207	137	Zeug 50c	1170	10250
208	138	Zeug 50c	1171	10250
209	139	Zeug 50c	1172	10250
210	140	Zeug 50c	1173	10250
211	141	Zeug 50c	1174	10250
212	142	Zeug 50c	1175	10250
213	143	Zeug 50c	1176	10250
214	144	Zeug 50c	1177	10250
215	145	Zeug 50c	1178	10250
216	146	Zeug 50c	1179	10250
217	147	Zeug 50c	1180	10250
218	148	Zeug 50c	1181	10250
219	149	Zeug 50c	1182	10250
220	150	Zeug 50c	1183	10250
221	151	Zeug 50c	1184	10250
222	152	Zeug 50c	1185	10250
223	153	Zeug 50c	1186	10250
224	154	Zeug 50c	1187	10250
225	155	Zeug 50c	1188	10250
226	156	Zeug 50c	1189	10250
227	157	Zeug 50c	1190	10250
228	158	Zeug 50c	1191	10250
229	159	Zeug 50c	1192	10250
230	160	Zeug 50c	1193	10250
231	161	Zeug 50c	1194	10250
232	162	Zeug 50c	1195	10250
233	163	Zeug 50c	1196	10250
234	164	Zeug 50c	1197	10250
235	165	Zeug 50c	1198	10250
236	166	Zeug 50c	1199	10250
237	167	Zeug 50c	1200	10250
238	168	Zeug 50c	1201	10250
239	169	Zeug 50c	1202	10250
240	170	Zeug 50c	1203	10250
241	171	Zeug 50c	1204	10250
242	172	Zeug 50c	1205	10250
243	173	Zeug 50c	1206	10250
244	174	Zeug 50c	1207	10250
245	175	Zeug 50c	1208	10250
246	176	Zeug 50c	1209	10250
247	177	Zeug 50c	1210	10250
248	178	Zeug 50c	1211	10250
249	179	Zeug 50c	1	

725	150	Free State 50c	725	104750
726	151	Florida 50c	726	103100
727	152	Gen. 50c	727	103100
728	153	L. Gen. 50c	728	103100
729	154	Gen. 50c	729	103100
730	155	Gen. 50c	730	103100
731	156	Gen. 50c	731	103100
732	157	Gen. 50c	732	103100
733	158	Gen. 50c	733	103100
734	159	Gen. 50c	734	103100
735	160	Gen. 50c	735	103100
736	161	Gen. 50c	736	103100
737	162	Gen. 50c	737	103100
738	163	Gen. 50c	738	103100
739	164	Gen. 50c	739	103100
740	165	Gen. 50c	740	103100
741	166	Gen. 50c	741	103100
742	167	Gen. 50c	742	103100
743	168	Gen. 50c	743	103100
744	169	Gen. 50c	744	103100
745	170	Gen. 50c	745	103100
746	171	Gen. 50c	746	103100
747	172	Gen. 50c	747	103100
748	173	Gen. 50c	748	103100
749	174	Gen. 50c	749	103100
750	175	Gen. 50c	750	103100
751	176	Gen. 50c	751	103100
752	177	Gen. 50c	752	103100
753	178	Gen. 50c	753	103100
754	179	Gen. 50c	754	103100
755	180	Gen. 50c	755	103100
756	181	Gen. 50c	756	103100
757	182	Gen. 50c	757	103100
758	183	Gen. 50c	758	103100
759	184	Gen. 50c	759	103100
760	185	Gen. 50c	760	103100
761	186	Gen. 50c	761	103100
762	187	Gen. 50c	762	103100
763	188	Gen. 50c	763	103100
764	189	Gen. 50c	764	103100
765	190	Gen. 50c	765	103100
766	191	Gen. 50c	766	103100
767	192	Gen. 50c	767	103100
768	193	Gen. 50c	768	103100
769	194	Gen. 50c	769	103100
770	195	Gen. 50c	770	103100
771	196	Gen. 50c	771	103100
772	197	Gen. 50c	772	103100
773	198	Gen. 50c	773	103100
774	199	Gen. 50c	774	103100
775	200	Gen. 50c	775	103100
776	201	Gen. 50c	776	103100
777	202	Gen. 50c	777	103100
778	203	Gen. 50c	778	103100
779	204	Gen. 50c	779	103100
780	205	Gen. 50c	780	103100
781	206	Gen. 50c	781	103100
782	207	Gen. 50c	782	103100
783	208	Gen. 50c	783	103100
784	209	Gen. 50c	784	103100
785	210	Gen. 50c	785	103100
786	211	Gen. 50c	786	103100
787	212	Gen. 50c	787	103100
788	213	Gen. 50c	788	103100
789	214	Gen. 50c	789	103100
790	215	Gen. 50c	790	103100
791	216	Gen. 50c	791	103100
792	217	Gen. 50c	792	103100
793	218	Gen. 50c	793	103100
794	219	Gen. 50c	794	103100
795	220	Gen. 50c	795	103100
796	221	Gen. 50c	796	103100
797	222	Gen. 50c	797	103100
798	223	Gen. 50c	798	103100
799	224	Gen. 50c	799	103100
800	225	Gen. 50c	800	103100
801	226	Gen. 50c	801	103100
802	227	Gen. 50c	802	103100
803	228	Gen. 50c	803	103100
804	229	Gen. 50c	804	103100
805	230	Gen. 50c	805	103100
806	231	Gen. 50c	806	103100
807	232	Gen. 50c	807	103100
808	233	Gen. 50c	808	103100
809	234	Gen. 50c	809	103100
810	235	Gen. 50c	810	103100
811	236	Gen. 50c	811	103100
812	237	Gen. 50c	812	103100
813	238	Gen. 50c	813	103100
814	239	Gen. 50c	814	103100
815	240	Gen. 50c	815	103100
816	241	Gen. 50c	816	103100
817	242	Gen. 50c	817	103100
818	243	Gen. 50c	818	103100
819	244	Gen. 50c	819	103100
820	245	Gen. 50c	820	103100
821	246	Gen. 50c	821	103100
822	247	Gen. 50c	822	103100
823	248	Gen. 50c	823	103100
824	249	Gen. 50c	824	103100
825	250	Gen. 50c	825	103100
826	251	Gen. 50c	826	103100
827	252	Gen. 50c	827	103100
828	253	Gen. 50c	828	103100
829	254	Gen. 50c	829	103100
830	255	Gen. 50c	830	103100
831	256	Gen. 50c	831	103100
832	257	Gen. 50c	832	103100
833	258	Gen. 50c	833	103100
834	259	Gen. 50c	834	103100
835	260	Gen. 50c	835	103100
836	261	Gen. 50c	836	103100
837	262	Gen. 50c	837	103100
838	263	Gen. 50c	838	103100
839	264	Gen. 50c	839	103100
840	265	Gen. 50c	840	103100
841	266	Gen. 50c	841	103100
842	267	Gen. 50c	842	103100
843	268	Gen. 50c	843	103100
844	269	Gen. 50c	844	103100
845	270	Gen. 50c	845	103100
846	271	Gen. 50c	846	103100
847	272	Gen. 50c	847	103100
848	273	Gen. 50c	848	103100
849	274	Gen. 50c	849	103100
850	275	Gen. 50c	850	103100
851	276	Gen. 50c	851	103100
852	277	Gen. 50c	852	103100
853	278	Gen. 50c	853	103100
854	279	Gen. 50c	854	103100
855	280	Gen. 50c	855	103100
856	281	Gen. 50c	856	103100
857	282	Gen. 50c	857	103100
858	283	Gen. 50c	858	103100
859	284	Gen. 50c	859	103100
860	285	Gen. 50c	860	103100
861	286	Gen. 50c	861	103100
862	287	Gen. 50c	862	103100
863	288	Gen. 50c	863	103100
864	289	Gen. 50c	864	103100
865	290	Gen. 50c	865	103100
866	291	Gen. 50c	866	103100
867	292	Gen. 50c	867	103100
868	293	Gen. 50c	868	103100
869	294	Gen. 50c	869	103100
870	295	Gen. 50c	870	103100
871	296	Gen. 50c	871	103100
872	297	Gen. 50c	872	103100
873	298	Gen. 50c	873	103100
874	299	Gen. 50c	874	103100
875	300	Gen. 50c	875	103100
876	301	Gen. 50c	876	103100
877	302	Gen. 50c	877	103100
878	303	Gen. 50c	878	103100
879	304	Gen. 50c	879	103100
880	305	Gen. 50c	880	103100
881	306	Gen. 50c	881	103100
882	307	Gen. 50c	882	103100
883	308	Gen. 50c	883	103100
884	309	Gen. 50c	884	103100
885	310	Gen. 50c	885	103100
886	311	Gen. 50c	886	103100
887	312	Gen. 50c	887	103100
888	313	Gen. 50c	888	103100
889	314	Gen. 50c	889	103100
890	315	Gen. 50c	890	103100
891	316	Gen. 50c	891	103100
892	317	Gen. 50c	892	103100
893	318	Gen. 50c	893	

Central African

[illegible]

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are

- "Tap" Stock.
- Highs and Lows marked thus have been adjusted to allow for right

Rubbers, Palm Oil

[illegible]

Central Rand

0329	525	Dracken Deep R1	531	+3		
0330	525	East Rand Pp. R1	531	+3	3050c	13
0330	519	Randfont's East R2	538-540	+7	0310c	+
0330	519	Senne's J. J. Rd R2	537	+6		
0330	518	West Rand R2	535	+22	020c	+
Eastern Rand						
0291	52	Bracken 90c	291	+6	041c	1
0292	69	Scops. Modder's 5c	407	+5		
0293	100	East Dargie R1	236	+3		
0293	100	East Dargie R2	236	+3	0130c	1
0293	100	East Dargie R3	236	+3	0130c	1
0293	100	Gravatt's 25c	238	+4	0136c	1
0293	100	Kivners R1	318	+3	0127c	1
0293	100	Kivners R2	318	+3	0135c	1
0293	100	Kivners R3	318	+3	0135c	1
0293	100	Kivners R4	318	+3	0135c	1
0293	100	Kivners R5	318	+3	0135c	1
0293	100	Kivners R6	318	+3	0135c	1
0293	100	Kivners R7	318	+3	0135c	1
0293	100	Kivners R8	318	+3	0135c	1
0293	100	Kivners R9	318	+3	0135c	1
0293	100	Kivners R10	318	+3	0135c	1
0293	100	Kivners R11	318	+3	0135c	1
0293	100	Kivners R12	318	+3	0135c	1
0293	100	Kivners R13	318	+3	0135c	1
0293	100	Kivners R14	318	+3	0135c	1
0293	100	Kivners R15	318	+3	0135c	1
0293	100	Kivners R16	318	+3	0135c	1
0293	100	Kivners R17	318	+3	0135c	1
0293	100	Kivners R18	318	+3	0135c	1
0293	100	Kivners R19	318	+3	0135c	1
0293	100	Kivners R20	318	+3	0135c	1
0293	100	Kivners R21	318	+3	0135c	1
0293	100	Kivners R22	318	+3	0135c	1
0293	100	Kivners R23	318	+3	0135c	1
0293	100	Kivners R24	318	+3	0135c	1
0293	100	Kivners R25	318	+3	0135c	1
0293	100	Kivners R26	318	+3	0135c	1
0293	100	Kivners R27	318	+3	0135c	1
0293	100	Kivners R28	318	+3	0135c	1
0293	100	Kivners R29	318	+3	0135c	1
0293	100	Kivners R30	318	+3	0135c	1
0293	100	Kivners R31	318	+3	0135c	1
0293	100	Kivners R32	318	+3	0135c	1
0293	100	Kivners R33	318	+3	0135c	1
0293	100	Kivners R34	318	+3	0135c	1
0293	100	Kivners R35	318	+3	0135c	1
0293	100	Kivners R36	318	+3	0135c	1
0293	100	Kivners R37	318	+3	0135c	1
0293	100	Kivners R38	318	+3	0135c	1
0293	100	Kivners R39	318	+3	0135c	1
0293	100	Kivners R40	318	+3	0135c	1
0293	100	Kivners R41	318	+3	0135c	1
0293	100	Kivners R42	318	+3	0135c	1
0293	100	Kivners R43	318	+3	0135c	1
0293	100	Kivners R44	318	+3	0135c	1
0293	100	Kivners R45	318	+3	0135c	1
0293	100	Kivners R46	318	+3	0135c	1
0293	100	Kivners R47	318	+3	0135c	1
0293	100	Kivners R48	318	+3	0135c	1
0293	100	Kivners R49	318	+3	0135c	1
0293	100	Kivners R50	318	+3	0135c	1
0293	100	Kivners R51	318	+3	0135c	1
0293	100	Kivners R52	318	+3	0135c	1
0293	100	Kivners R53	318	+3	0135c	1
0293	100	Kivners R54	318	+3	0135c	1
0293	100	Kivners R55	318	+3	0135c	1
0293	100	Kivners R56	318	+3	0135c	1
0293	100	Kivners R57	318	+3	0135c	1
0293	100	Kivners R58	318	+3	0135c	1
0293	100	Kivners R59	318	+3	0135c	1
0293	100	Kivners R60	318	+3	0135c	1
0293	100	Kivners R61	318	+3	0135c	1
0293	100	Kivners R62	318	+3	0135c	1
0293	100	Kivners R63	318	+3	0135c	1
0293	100	Kivners R64	318	+3	0135c	1
0293	100	Kivners R65	318	+3	0135c	1
0293	100	Kivners R66	318	+3	0135c	1
0293	100	Kivners R67	318	+3	0135c	1
0293	100	Kivners R68	318	+3	0135c	1
0293	100	Kivners R69	318	+3	0135c	1
0293	100	Kivners R70	318	+3	0135c	1
0293	100	Kivners R71	318	+3	0135c	1
0293	100	Kivners R72	318	+3	0135c	1
0293	100	Kivners R73	318	+3	0135c	1
0293	100	Kivners R74	318	+3	0135c	1
0293	100	Kivners R75	318	+3	0135c	1
0293	100	Kivners R76	318	+3	0135c	1
0293	100	Kivners R77	318	+3	0135c	1
0293	100	Kivners R78	318	+3	0135c	1
0293	100	Kivners R79	318	+3	0135c	1
0293	100	Kivners R80	318	+3	0135c	1
0293	100	Kivners R81	318	+3	0135c	1
0293	100	Kivners R82	318	+3	0135c	1
0293	100	Kivners R83	318	+3	0135c	1
0293	100	Kivners R84	318	+3	0135c	1
0293	100	Kivners R85	318	+3	0135c	1
0293	100	Kivners R86	318	+3	0135c	1
0293	100	Kivners R87	318	+3	0135c	1
0293	100	Kivners R88	318	+3	0135c	1
0293	100	Kivners R89	318	+3	0135c	1
0293	100	Kivners R90	318	+3	0135c	1
0293	100	Kivners R91	318	+3	0135c	1
0293	100	Kivners R92	318	+3	0135c	1
0293	100	Kivners R93	318	+3	0135c	1
0293	100	Kivners R94	318	+3	0135c	1
0293	100	Kivners R95	318	+3	0135c	1
0293	100	Kivners R96	318	+3	0135c	1
0293	100	Kivners R97	318	+3	0135c	1
0293	100	Kivners R98	318	+3	0135c	1
0293	100	Kivners R99	318	+3	0135c	1
0293	100	Kivners R100	318	+3	0135c	1

Reelkraal R0.20..	420	+5	
Boornfontein R1 .	£22	-5	0
Boornfontein R1	£20	1	+5

[illegible]

Yea Corp SA \$1.50	150	Am
Ing. Am. Coal 50c..	£16	- 1/2	Q
Ample Amer. 10c	£132	- 1/2	Q

85	125	Ang Am Genl RL	58%	-4	010000	0
85	125	Angloam 50c	50%	-	0315c	0
86	160	Charter Coms. 20c	243	-	110	2
86	316	Charter Coms. Fifts.	243	-13	24.5	1
86	316	First Rand Genl. 10c	180	-	110	2
86	585	Genmor 40c	180	-	0175c	0
89	199	Gold Fields S.A. 25c	180	+	0550c	0
89	374	Ju Yong Cos. 25c	174	-	110	2
89	440	Kimberly 25c	174	-	075c	0
89	440	Memcor SBD. 40c	174	-	022c	0
89	663	New Wit 50c	663	-7	046c	1
89	135	Rand Lionm 50c	48	-		
89	550	Rand Min. Progs. 1c	75	+	025c	0
89	550	Rand Min. Progs. 1c	75	-30	094c	0
89	316	Trans. Com. L.R. 1c	631	-	039c	0
89	316	Trans. Com. L.R. 1c	631	-	010c	0
89	14	U.S. Invest. RL	132	+	0130c	0
89	60	Vogers 25c	240	+	016c	0

REGIONAL AND TRISTAR STOCKS

The following is a selection of regional and Irish stocks, the latter being quoted in Irish currency.

Bertrand	175	Nat. 91% 84/89	DB2
Bdg'wtr. Est. 50p	485	Fin. 13% 97.02	EA40
Craig & Rose Fl	112 1/2	Alliance Est.	118

[illegible]

A selection of Options traded is given on the London Stock Exchange Report page

"Recent Issues" and "Rights" Page 31

CURRENCIES, MONEY and CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar erratic in thin trading

The dollar recovered from its early lows as the market reassessed the recent statement made by Federal Reserve Board chairman Paul Volcker. Trading was rather thin however and after opening weaker the U.S. unit soon attracted short covering. It held on to most of the day's improvement but was losing ground in early New York trading.

The pound was quiet, steady with a little nervousness ahead of today's price announcement for North Sea oil.

DOLLAR — Trade weighted index (Bank of England) 119.9 against 122.2 six months ago. The dollar still shows a small rise on the year because U.S. interest rates have not fallen as expected. High Federal funding requirements have also kept rates firm while recent indications of a more accommodative monetary policy and renewed hopes of a cut in the discount rate have so far had little effect on the exchange rate.

The dollar closed at DM 2.3875 against the dollar compared with DM 2.3880 on Wednesday. Having been as low as DM 2.3830 during the day, against the Swiss franc it rose to SwFr 1.9525 from SwFr 1.9525 and Y233.30 from Y232.75. It was also firmer in terms of the French franc at FF 6.8025 compared with FF 6.7725.

Other currencies

Feb. 17	£	¢	¢	¢
Argentina Peso	88,856.88	89.66	87,500.97	87,500.97
Australia Dollar	1,599.25	1,599.25	1,599.25	1,599.25
Brazil Cruzeiro	1,250.00	1,250.00	1,250.00	1,250.00
Canada Dollar	1,250.00	1,250.00	1,250.00	1,250.00
Denmark Krone	1,250.00	1,250.00	1,250.00	1,250.00
France Franc	1,250.00	1,250.00	1,250.00	1,250.00
Germany Mark	1,250.00	1,250.00	1,250.00	1,250.00
Italy Lira	1,250.00	1,250.00	1,250.00	1,250.00
Japan Yen	1,250.00	1,250.00	1,250.00	1,250.00
Netherlands Guilder	1,250.00	1,250.00	1,250.00	1,250.00
Portugal Escudo	1,250.00	1,250.00	1,250.00	1,250.00
Spain Peseta	1,250.00	1,250.00	1,250.00	1,250.00
Sweden Krona	1,250.00	1,250.00	1,250.00	1,250.00
Switzerland Franc	1,250.00	1,250.00	1,250.00	1,250.00
U.K. Pound	1,250.00	1,250.00	1,250.00	1,250.00
U.S. Dollar	1,250.00	1,250.00	1,250.00	1,250.00

* Selling rates

** The Australian dollar/sterling rate on Feb 16 should have read 1.5890-1.5910.

THE POUND SPOT AND FORWARD

Feb. 17	Day's spread	Three months	Six months	One year
U.S.	1,540.00-1,540.00	1,540.00-1,540.00	1,540.00-1,540.00	1,540.00-1,540.00
Canada	1,870.00-1,870.00	1,870.00-1,870.00	1,870.00-1,870.00	1,870.00-1,870.00
Denmark	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
France	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Germany	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Italy	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Japan	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Netherlands	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Portugal	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Spain	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Sweden	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Switzerland	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
U.K.	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
U.S.	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00

EXCHANGE CROSS RATES

Feb. 17	U.S. Dollar	Deutschmark	Japanese Yen	French Franc	Swiss Franc	Dutch Guilder	Italian Lira	Canada Dollar	Belgian Franc
Pound Sterling	1.540	2.700	360.0	104.85	5.075	4.090	213.1	1.890	79.90
U.S. Dollar	0.649	0.359	1.610	0.148	0.196	0.167	1.362	0.693	0.264
Deutschmark	0.870	0.417	1.000	0.286	0.331	0.278	1.754	0.911	0.354
Japanese Yen	0.006	0.003	0.001	0.000	0.000	0.000	0.000	0.000	0.000
French Franc	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.000	0.000
Swiss Franc	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.000
Dutch Guilder	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.000
Italian Lira	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.000
Canada Dollar	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000
Belgian Franc	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001

THE DOLLAR SPOT AND FORWARD

Feb. 17	Day's spread	Three months	Six months	One year
U.S.	1,540.00-1,540.00	1,540.00-1,540.00	1,540.00-1,540.00	1,540.00-1,540.00
Canada	1,870.00-1,870.00	1,870.00-1,870.00	1,870.00-1,870.00	1,870.00-1,870.00
Denmark	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
France	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Germany	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Italy	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Japan	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Netherlands	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Portugal	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Spain	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Sweden	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Switzerland	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
U.K.	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
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French Franc	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.000	0.000
Swiss Franc	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.000
Dutch Guilder	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.000
Italian Lira	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.000
Canada Dollar	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000
Belgian Franc	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001

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Germany	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Italy	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Japan	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Netherlands	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Portugal	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Spain	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Sweden	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Switzerland	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
U.K.	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
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French Franc	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.000	0.000
Swiss Franc	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.000	0.000
Dutch Guilder	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.000	0.000
Italian Lira	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000	0.000
Canada Dollar	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001	0.000
Belgian Franc	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.000	0.001

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Denmark	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
France	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Germany	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Italy	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Japan	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Netherlands	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Portugal	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Spain	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Sweden	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
Switzerland	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
U.K.	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00
U.S.	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00	1,250.00-1,250.00

FINANCIAL FUTURES

Eurodollar quiet

Much of yesterday's trading was confined to a fairly narrow range in the London international financial futures exchange. After a period of quiet, the market opened at 102.15 up from 102.10 and touched a best level of 102.15 before slipping away steadily to a low of 101.16. It finished at 101.23 with a little bear squeeze at the end. Sentiment was a little subdued ahead of today's announcement of North Sea oil price reductions and the super optimists were probably disappointed by the Bank of England keeping its monetary market dealing rates unchanged.

Three-month sterling deposits were also pretty lacklustre. A slight rise in rates in the cash market pushed values lower with the money market seeing an early reflex action to sterling's weakness coupled with another large credit shortage. The June price opened at 89.95, unchanged from Wednesday's close, but fell to a low of 89.82. There had been hardly any recovery by the close with a price of 89.85.

Euro-dollar prices spent most of the day going nowhere. After opening at 90.90, the March price eased to a low of 90.87 before rallying on the entry of Chicago to finish at 90.91 compared with Wednesday's close of 90.89. In money market spread however some \$45 lots were traded. Sterling was looking a little unsteady in the morning and

although gilt opened a little higher, values soon began to drift.

The March contract opened at 102.15 up from 102.10 and touched a best level of 102.15 before slipping away steadily to a low of 101.16. It finished at 101.23 with a little bear squeeze at the end. Sentiment was a little subdued ahead of today's announcement of North Sea oil price reductions and the super optimists were probably disappointed by the Bank of England keeping its monetary market dealing rates unchanged.

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